

LOCAL CODE OF CORPORATE GOVERNANCE

Adopted 24 June 2008

Contents

Introduction

Principles

Summary of Commitment

Core Principle 1 – Community Focus

Core Principle 2 – Functions and Roles

Core Principle 3 – Standards of Conduct and Behaviour

Core Principle 4 – Scrutiny and Risk Management

Core Principle 5 – Capability and Capacity

Core Principle 6 – Public Accountability

Monitoring

Review Process

Annual Assurance Assessment

1. INTRODUCTION

1.1 The seven principles of public life defined by the Nolan Committee in 1996 and the detailed guidance published in the CIPFA/SOLACE framework 'Delivering Good Government in Local Government' form the cornerstone of the Council's Code of Corporate Governance. The need to ensure that the Council's systems, processes and management continue to reflect and demonstrate these principles has been embedded within the Council's Constitution, and the overall concept of corporate governance together with this Code, should ensure that public confidence in the Council is maintained and enhanced.

1.2 Each year the Chief Executive and Leader of the Council will be required to sign an Annual Governance Statement to the effect that:

- (i) a Code of Corporate Governance has been adopted;
- (ii) a corporate governance framework is in place;
- (iii) the framework has been reviewed and is operating effectively; and
- (iv) action is being taken to address any weaknesses identified from the review of the corporate governance framework.

All of this work, and the systems that support it, are the subject of continuous review by the Council's internal auditors and an annual audit by the external auditors.

1.3 The preparation of this Code does not, however, discharge the Council's responsibilities, as the concepts and processes which lie behind the statements given must be understood and acted upon within the entire organisation, including senior management and Councillors. This may require further development and training to ensure that the culture of the Council complies with the spirit of the Code. The Code itself should provide a basis for further improvement.

2. PRINCIPLES

2.1 The Nolan Committee defined the following principles of Corporate Governance:

Selflessness: Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and actions and restrict information only when the wider public interest clearly demands.

Honesty: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership: Holders of public office should promote and support these principles by leadership and example.

2.2 'Delivering Good Governance in Local Government' identifies six core principles which should guide the organisation in its operations:

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area is demonstrated by:

- (i) exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users.
- (ii) ensuring that users receive a high quality of service whether directly or in partnership, or by commissioning.
- (iii) ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.

Members and Officers working together to achieve a common purpose with clearly defined functions and roles is achieved by:

- (i) ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and the roles and responsibilities of the scrutiny function.
- (ii) ensuring that a constructive working relationship exists between the authority Members and Officers and that the responsibilities of authority Members and Officers are carried out to a high standard.
- (iii) ensuring relationships between the authority and the public are clear so that each knows what to expect of the other.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour is demonstrated by:

- (i) ensuring authority Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.
- (ii) ensuring that organisational values are put into practice and are effective.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk is ensured by:

- (i) being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.
- (ii) having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.
- (iii) ensuring that an effective risk management system is in place.
- (iv) using legal powers to the full benefit of the citizens and communities of the area.

Developing the capacity and capability of Members and Officers to be effective is achieved by:

- (i) making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles.
- (ii) developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.
- (iii) encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

Engaging with local people and other stakeholders to ensure robust public accountability is ensured by:

- (i) exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.
- (ii) taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning.

- (iii) making the best use of human resources by taking an active and planned approach to meet responsibility to staff.

These Core Principles are dealt with in sections 4 to 9.

3. SUMMARY OF COMMITMENT

3.1 By adopting this Code of Corporate Governance, Tewkesbury Borough Council is responding to the CIPFA/SOLACE guidance 'Delivering Good Governance in Local Government'.

3.2 In so doing:

- (i) The principles set out in sections 2 and 4 - 9 are accepted as the basis for the Council's Corporate Governance arrangements.
- (ii) An Annual Governance Statement will be included in the Annual Report and Statement of Accounts.

4. CORE PRINCIPLE 1 – COMMUNITY FOCUS

4.1 By carrying out its general and specific duties and responsibilities, and through its ability to exert wider influence, Tewkesbury Borough Council will:

- (a) work for and with the local community;
- (b) provide strong and effective community leadership; and
- (c) undertake an ambassadorial role to promote the wellbeing of the area.

4.2 This will be achieved by:

- (a) ensuring that a vision for local communities and their strategic plans, priorities and targets is developed and kept under review through robust mechanisms and in consultation with the community and clearly articulated and disseminated;
- (b) ensuring that Members meet on a formal basis regularly to set the strategic direction of the Council and to monitor service delivery;
- (c) fostering effective relationships and partnerships with other public-sector agencies and the private and voluntary sectors, and considering outsourcing where it is efficient and effective to do so, to deliver services which meet the needs of the local community, and putting in place processes to ensure that they operate effectively in practice;
- (d) putting in place proper arrangements to allocate resources according to priorities;

- (e) setting standards and targets for performance in the delivery of services on a sustainable basis and with reference to equality policies;
- (f) putting in place sound systems for providing management information for performance measurement purposes; and
- (g) monitoring and reporting performance against agreed standards and targets and developing comprehensive and understandable performance plans.

5. CORE PRINCIPLE 2 – FUNCTIONS AND ROLES

5.1 The Council will establish effective political and managerial structures and processes to govern decision-making and the exercise of authority within the Council.

5.2 This will be achieved by:

- (a) putting in place clearly documented protocols governing relationships between Members and Officers;
- (b) ensuring that the relative roles and responsibilities of Members and senior Officers are clearly defined;
- (c) developing and maintaining a scheme of delegated or reserved powers, which will include a formal schedule of those matters specifically reserved for the collective decision of the Council;
- (d) ensuring that the role of Members acting in a decision-making capacity is formally defined in writing, to include responsibility for providing effective strategic leadership to the Council and for ensuring that the Council successfully discharges its overall responsibilities for the activities of the authority as a whole;
- (e) ensuring that the roles and responsibilities of all Members and Officers of the Council, together with the terms of their remuneration and its review, are defined clearly in writing; and
- (f) ensuring that the Chief Executive is made responsible to the Council for all aspects of operational management.

6. CORE PRINCIPLE 3 – STANDARDS OF CONDUCT AND BEHAVIOUR

6.1 The openness, integrity and accountability of individuals within a local authority forms the cornerstone of effective corporate governance. The reputation of the Council depends upon the standards of behaviour of everyone within it, whether Councillors, employees or agents contracted to it. Therefore, Councillors and Senior Officers of this Council will:

- (a) exercise leadership by conducting themselves as role models for others within the Council to follow; and

- (b) define the standards of personal behaviour that are expected from Councillors and employees and all those involved in service delivery.

6.2 This will be achieved by:

- (a) adopting clear Protocols and Codes of Conduct to ensure that the implications for supporting community political leadership for the whole Council are acknowledged and resolved;
- (b) developing and adopting formal Codes of Conduct defining the standards of personal behaviour to which individual Members, Officers and agents of the Council are required to subscribe and putting in place appropriate systems and processes to ensure that they are complied with;
- (c) putting in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards and to monitor their continuing compliance in practice;
- (d) putting in place arrangements for whistleblowing to which employees and all those contracting with the Council have access;
- (e) putting in place arrangements to ensure that Members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and putting in place appropriate processes to ensure these arrangements continue to operate in practice;
- (f) putting in place clearly documented and understood management processes for policy development, implementation and review, for decision-making, monitoring and control and reporting and formal procedural and financial regulations to govern the conduct of the Council's business;
- (g) ensuring that a senior Officer is made responsible to the Council for ensuring that appropriate advice is given to it on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control; and
- (h) ensuring that a senior Officer is made responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.

7. CORE PRINCIPLE 4 – SCRUTINY AND RISK MANAGEMENT

7.1 The Council will establish and maintain a systematic strategy, framework and process for undertaking effective scrutiny and managing risk.

7.2 This will be achieved by:

- (a) putting in place proper arrangements for the independent review of financial and operational reporting processes;
- (b) putting in place effective risk management systems, including systems of internal control and an internal audit function. These arrangements will ensure compliance with all applicable statutes, regulations and relevant statements of best practice and that public funds are properly safeguarded and are used economically, efficiently and effectively, and in accordance with the statutory and other authorities that govern their use;
- (c) making an explicit commitment to openness in all dealings, subject only to preserve confidentiality in those specific circumstances proper and appropriate to do so, and by actions and communications delivering against that commitment;
- (d) putting in place effective arrangements for an objective review of risk management and internal control, including internal audit;
- (e) publishing on a timely basis, an objective, balanced and understandable statement and assessment of the authority's risk management and internal control mechanisms and their effectiveness in practice;
- (f) maintaining an objective and professional relationship with the external auditors and statutory inspectors;
- (g) responding positively to the findings and recommendations of external auditors and statutory inspectors and putting in place arrangements for the effective implementation of agreed actions; and
- (h) developing and maintaining robust systems for identifying and evaluating all significant risks which involve the proactive participation of all those associated with planning and delivery services.

8. CORE PRINCIPLE 5 – CAPABILITY AND CAPACITY

8.1 The Council will ensure that it is able to recruit and retain people with the right skills to manage its services effectively and encourage as wide a range of people as possible to stand for election or apply for appointed positions.

8.2 This will be achieved by:

- (a) ensuring that services are delivered by trained and experienced people; and

- (b) putting in place arrangements to ensure that Members are properly trained for their roles and have access to all relevant information, advice and resources as necessary to enable them to carry out their roles effectively.

9. CORE PRINCIPLE 6 – PUBLIC ACCOUNTABILITY

9.1 The Council will ensure that it provides clear leadership, promotes local accountability and responds positively to external scrutiny.

9.2 This will be achieved by:

- (a) publishing on a timely basis an annual report presenting an objective and understandable account of activities and achievements, the financial position and performance of the Council and an objective, balanced and understandable assessment of current performance in service delivery and plans to maintain and improve service delivery;
- (b) establishing clear channels of communication with all sections of the community and putting in place proper monitoring arrangements to ensure that they work effectively; and
- (c) putting in place proper arrangements to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in work of the Council and put in place monitoring processes to ensure that these arrangements continue to work in practice.

10. MONITORING

10.1 In addition to the corporate governance annual review and assessment processes described in Sections 11 and 12, ongoing review and monitoring will be undertaken during the course of the year. This will be the responsibility of the Chief Executive.

10.2 The Chief Executive will:

- (a) monitor the corporate governance arrangements and recommend improvements as necessary;
- (b) ensure that internal audit review corporate governance arrangements and activities through the risk-based audit plans;
- (c) review performance management processes on a regular basis;
- (d) ensure the delivery of agreed objectives whilst managing effectively the associated opportunities and risks;
- (e) review periodically the risk management arrangements;
- (f) implement any ad hoc reviews necessitated by future circumstances; and

- (g) report on the external auditors' review of corporate governance arrangements and other auditable activities.
- 10.3 The Audit and Governance Committee has, within its Terms of Reference, the responsibility to monitor the effective development and operation of risk management and corporate governance in the Council.

11. THE REVIEW PROCESS

- 11.1 The contents of this Code will be reviewed by the Section 151 Officer and Monitoring Officer in conjunction with the Council's Corporate Governance Working Group and the Lead Member for Corporate Governance on an annual basis utilising the CIPFA/SOLACE Corporate Governance Framework and will be kept up to date in the light of changing circumstances.
- 11.2 The external auditors will also inspect the Council's corporate governance arrangements on an annual basis.

12. ANNUAL ASSURANCE ASSESSMENT

- 12.1 Although the review of the corporate governance arrangements will be an ongoing process, each year the Chief Executive and Leader of the Council will be required to sign an Annual Governance Statement assessing the effectiveness of the Council's corporate governance arrangements, which will be included in the Annual Report and Statement of Accounts.
- 12.2 The Annual Governance Statement will be informed by and based upon the work undertaken by the Section 151 Officer and Monitoring Officer, the Chief Executive, and internal audit in overseeing the implementation and monitoring of the operation of the Code. Other Executive Directors, Directors and Associate Directors are responsible for keeping the Annual Governance Statement up to date advising promptly any changes.

Page left intentionally blank