

Local Code of Corporate Governance

Introduction

Each local authority operates through a governance framework. It is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes. Traditionally, local government has conformed in whole or in part and in many different ways to the principles of good governance and has had a sound base on which to build. There has been a strong regulatory framework in existence and robust arrangements for monitoring review.

Fundamental Principles of Corporate Governance

The report of the Committee on the Financial Aspects of Corporate Governance (the Cadbury Report) identified three fundamental principles of corporate governance as:

Openness	An open approach is required to ensure all interested parties are confident in the organisation itself. Being open in the disclosure of information leads to effective and timely action and lends itself to necessary scrutiny.
Integrity	This is described as both straightforward dealing and completeness. It should be reflected in the honesty of an organisation's annual report and its portrayal of a balanced view. The integrity of reports depends on the integrity of those who prepare and present them which, in turn, is a reflection of the professional standards within the organisation.
Accountability	This is the process whereby individuals are responsible for their actions. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure.

The Cadbury Report defined these three principles in the context of the private sector, and, more specifically, of public companies, but they are as relevant to public service bodies as they are to private sector entities.

Principles of Conduct in Public Life

Aspects of corporate governance in the public services have been addressed by the Committee on Standards in Public Life (the Nolan Committee, today chaired by Sir Alistair Graham) which was established in 1994 to examine concerns about standards of conduct by holders of public office. Standards of conduct are regarded as one of the key dimensions of good governance. The first report, published in May 1995, identified and defined seven general principles of conduct which should underpin public life, and recommended that all public service bodies draw up codes of conduct incorporating these principles. These principles of public life are:

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 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.

The Relevant Authorities (General Principles) Order 2001 outlined three additional principles to those identified by the Nolan Committee. These three are defined below. As part of the new ethical framework, the Local Government Act 2000 (England and Wales) provided for the development of a model code of conduct covering the behaviour of elected members and gave the Secretary of State and the National Assembly for Wales power to develop a set of general principles of conduct.

Respect for others	Members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.
Duty to uphold the law	Members should uphold the law, and on all occasions, act in accordance with the trust that the public is entitled to place in them.
Stewardship	Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

These ten principles are incorporated into the Council's constitution.

Good Governance Standard for Public Services

In 2004, the Independent Commission on Good Governance in Public Services published a set of common principles that it wants all public sector organisations to adopt. The commission, set up by CIPFA in conjunction with the Office for Public Management, says there should be a common governance standard for public services similar to the private sector's Combined Code.

The Good Governance Standard for Public Services builds on the Nolan principles for the conduct of individuals in public life by setting out six more principles that it says should underpin the governance arrangements of all bodies:

- A clear definition of the body's purpose and desired outcomes
- Well-defined functions and responsibilities
- An appropriate corporate culture
- Transparent decision making
- A strong governance team
- Real accountability to stakeholders

For the purpose of developing Good Governance in Local Government, the six core principles from the Good Governance Standard for Public Services have been adapted for the local authority context. The principle of leadership has been expanded to emphasise the role of authorities in 'leading' their communities and therefore that this concept 'overarches' the other principles. Greater emphasis has been placed on scrutiny and overview to accommodate the new arrangements for local authorities. Also, the principles have been developed to take greater account of the political regime in which local authorities operate.

The Governing Body

The governing body of an organisation has overall responsibility for directing and controlling that organisation. In local government the governing body is the full Council. For England and Wales, the Local Government Act 2000 introduced new governing structures for all local councils, clarifying responsibility for making decisions and establishing a scrutiny role. Councils such as North Wiltshire, with populations above 85,000 are required to have 'executive arrangements' whereby the executive comprises elected members.

Executive arrangements must include one or more overview and scrutiny committees through which non-executive councillors can question and challenge the policy and performance of the executive and promote public debate. The Local Government and Public Involvement in Health Act 2007 has brought in an extended role for overview and scrutiny committees which enables them to challenge the policies and practices of certain bodies. Councils also have the power to promote the economic, social and environmental well-being of their areas and to work with other bodies to develop community strategies.

Elected members are collectively responsible for the governance of the Council. The full Council's responsibilities include:

- Agreeing the Council's constitution comprising the key governance documents including the executive arrangements and making major changes to reflect best practice.
- Agreeing the policy framework.

- Agreeing the budget.

The Executive is responsible for:

- All functions and powers other than those reserved to full Council or other bodies.
- Proposing the budget
- Implementing the policy framework and key strategies.

The Chief Executive advises Councillors on policy and necessary procedures to drive the aims and objectives of the authority. The Chief Executive leads a Corporate Management Board which is responsible for advising the executive and scrutiny committees on legislative, financial and other policy considerations to achieve the aims and objectives of the authority and is responsible for implementing Council decisions and for service performance.

The Local Code of Corporate Governance

Set out in this document is the Council's proposed revised Local Code of Corporate Governance which is based on the six core principles adopted for local government from the report of the Independent Commission on Good Governance in Public Services . The six principles being :-

Principle One – Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the District

Principle Two – Members and Officers working together to achieve a common purpose with clearly defined functions and roles

Principle Three – Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Principle Four – Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Principle Five – Developing the capacity and capability of Members and Officers to be effective

Principle Six – Engaging with local people and other stakeholders to ensure robust public accountability

Principle One - Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the District

The Council is committed to :

Exercising strategic leadership by developing and clearly communicating its purpose and vision and the Council's intended outcome for citizens and service users.

- Developing and promoting the Council's purpose and vision.

- Reviewing on a regular basis its vision for the local area and its implications for the Council's governance arrangements.
- Ensuring that partnerships are underpinned by a common vision of the work that is understood and agreed by all partners.
- Publishing an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance.

Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.

- Deciding how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.
- Putting in place effective arrangements to identify and deal with failure in service delivery

Ensuring that the Council makes best use of resources and that tax payers and service users receive excellent value for money.

- Deciding how value for money is to be measured and making sure that the Council or partnership has the information needed to review value for money and performance effectively. Measuring the environmental impact of policies, plans and decisions.

Principle Two - Members and Officers working together to achieve a common purpose with clearly defined functions and roles

The Council is committed to:

Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.

- Setting out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the Council's approach towards putting this into practice.
- Setting out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers

Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard.

- Determining a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decisions of the Council, taking account of relevant legislation, and ensuring that it is monitored and updated when required.
- Making a Chief Executive or equivalent responsible and accountable to the Council for all aspects of operational management.
- Developing protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.
- Making a senior officer (the S151 Officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- Making a senior officer (the Monitoring Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.

- Developing protocols to ensure effective communication between members and officers in their respective roles.
- Setting out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an independent members only remuneration panel.
- Ensuring that effective mechanisms exist to monitor service delivery.

- Ensuring that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.
- When working in partnership, ensuring that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority.
- When working in partnership:
 - Ensuring that there is clarity about the legal status of the partnership
 - Ensuring that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partners decisions

Principle Three - Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The Council is committed to:

Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance

- Ensuring that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect.
- Ensuring the standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.
- Putting in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.

Ensuring that organisational values are put into practice and are effective.

- Developing and maintaining shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with members, staff, the community and partners.
- Putting in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.
- Developing and maintaining an effective standards committee.
- Using the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council.
- In pursuing the vision of a partnership, agreeing a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.

Principle Four - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The Council is committed to:

Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.

- Developing and maintaining an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible.
- Developing and maintaining open and effective mechanisms for documenting evidence for decision and recording the criteria, rationale and considerations on which decisions are based.
- Putting in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.
- Developing and maintaining an effective audit committee which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee.
- Ensuring that effective, transparent and accessible arrangements are in place for dealing with complaints.

Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.

- Ensuring that those making decisions whether for the Council or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations or technical issues and their implications.
- Ensuring that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.

Ensuring that an effective risk management system is in place.

- Ensuring that risk management is embedded into the culture of the Council, with members and managers at all levels recognising that risk management is part of their jobs.
- Ensuring that effective arrangements for whistle-blowing are in place to which officers, staff and all those contracting with or appointed by the authority have access.

Using legal powers to the full benefit of the citizens and communities in the District.

- Actively recognising the limits of lawful activity placed on the Council, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of the community

- Recognising the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on Councils by public law.
- Observing all specific legislative requirements placed upon the Council, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law
 - Proportionality, rationality, legality and natural justice into procedures and decision-making processes

Principle Five - Developing the capacity and capability of Members and Officers to be effective

The Council is committed to:

Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.

- Providing induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.
- Ensuring that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.

Developing the capability of people with governance responsibilities and evaluating performance as individuals and as a group.

- Assessing the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.
- Developing skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.
- Ensuring that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs.

Encouraging new talent for membership of the Council so that best use can be made of individual's skills and resources in balancing continuity and renewal.

- Ensuring that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council.
- Ensuring that career structures are in place for members and officers to encourage participation and development.

Principle Six - Engaging with local people and other stakeholders to ensure robust public accountability

The Council is committed to:

Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.

- Making clear to themselves, all staff and the community to whom they are accountable and for what.
- Considering those institutional stakeholders to whom the Council is accountable and assess the effectiveness of any changes required.
- Producing an annual report on the activity of the scrutiny function.

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 Council, in partnership or by commissioning.

- Ensuring clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively.
- Holding meetings in public unless there are justifiable legal reasons for confidentiality.
- Ensuring that arrangements are in place to enable the Council to engage with all sections of the community effectively. These arrangements should recognise that
- different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.
- Establishing a clear policy on the types of issues the Council will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result.
- On an annual basis, publishing a performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.
- Ensuring that the Council as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the
- need to preserve confidentiality in those specific circumstances where it is proper and legal to do so.

Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

- Developing and maintaining a clear policy on how staff and their representatives are consulted and involved in decision making.