HBC

Local Code of Corporate Governance

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Approved by: Governance, Audit and Finance Board

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1. Introduction

The council's Code of Corporate Governance is based upon the CIPFA / SOLACE publication entitled "Delivering Good Governance in Local Government: Framework 2016 Edition." This revised framework emphasises the importance of considering the longer term and the links between governance and public financial management.

2. What do we mean by governance?

'The International Framework: Good Governance in the Public Sector' defines 'governance' as **comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved**. Effective governance in the public sector encourages improved decision making and efficient use of resources. Effective governance is characterised by robust scrutiny, which provides important pressures for improving public sector performance and tackling corruption. Effective governance can improve management which leads to better service delivery and ultimately, better outcomes.

The Local Code of Corporate Governance is the document which sets out the framework within which the council conducts its business and affairs.
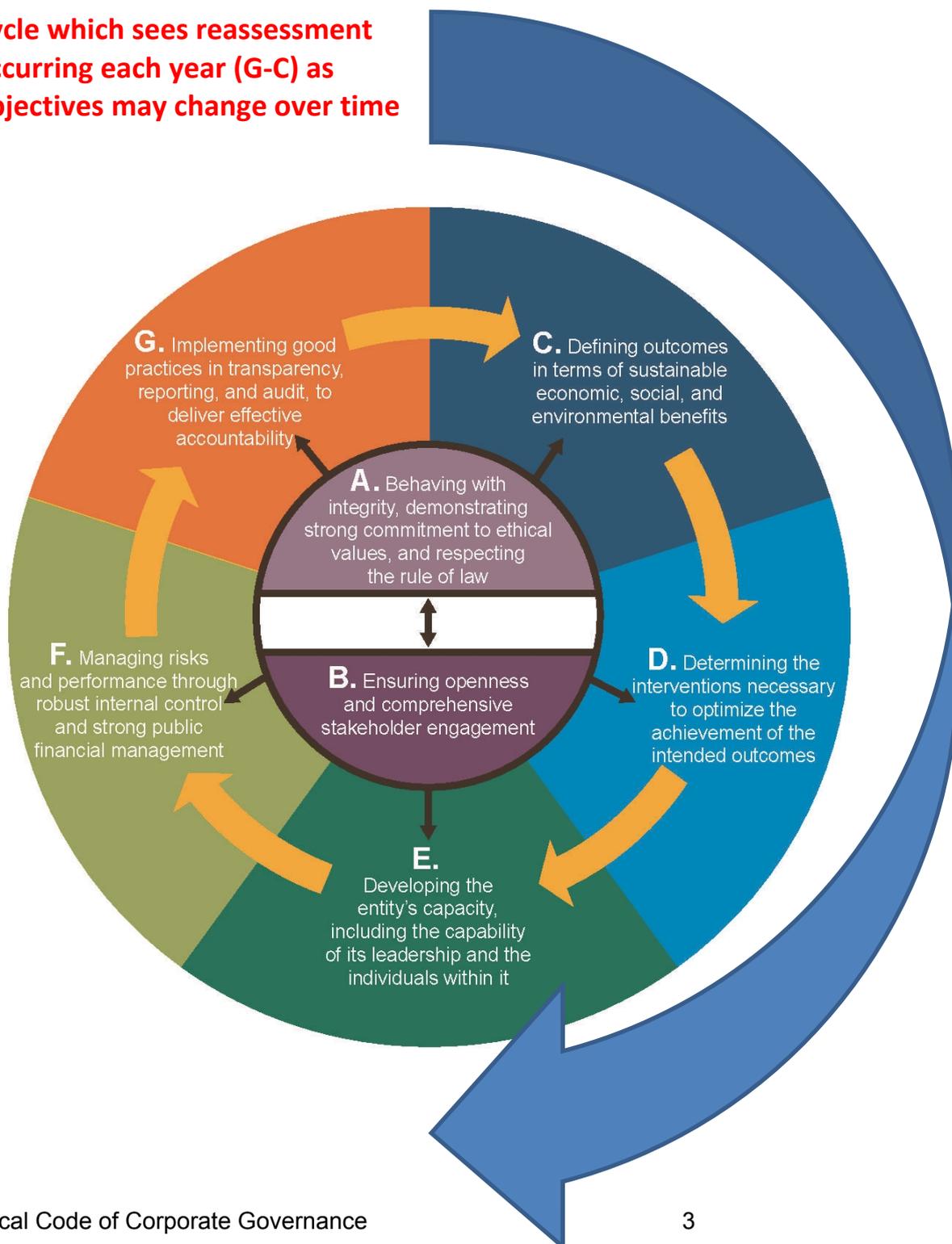
3. Core principles

There are seven principles of good governance as set out in the framework which are:-

A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law;

B. Ensuring openness and comprehensive stakeholder engagement;

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;

D. Determining the interventions necessary to optimise the achievement of the intended outcomes;

E. Developing the capacity of the entity, including the capability of its leadership and the individuals within it;

F. Managing risks and performance through robust internal control and strong public financial management; and

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework'), illustrates the various principles of good governance in the public sector and how they relate to each other.

Achieving the intended outcomes while acting in the public interest at all times

Cycle which sees reassessment occurring each year (G-C) as objectives may change over time

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

B. Ensuring openness and comprehensive stakeholder engagement

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

D. Determining the interventions necessary to optimize the achievement of the intended outcomes

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

F. Managing risks and performance through robust internal control and strong public financial management

G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

The Local Code specifically identifies the actions and behaviours taken by the council in relation to each of these core principles and associated sub-principles. These are summarised within Appendix A. Appendix B sets out the Local Corporate Governance Framework evidence for the Council.

The Governance, Audit and Finance Board is responsible for approving this code and it is recommended that this is annually reviewed and updated accordingly. This code was approved by the Board at its meeting in June 2018.

Appendix A - Actions and behaviours taken by the council that demonstrate good governance	
Sub Principle	**Council's Actions and Behaviours**
A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Behaving with integrity	• Ensure that councillors and staff behave with integrity and lead a culture where acting in the public interest is visible and consistently demonstrated thereby protecting the reputation of the council.
	• Ensure that councillors take the lead in establishing specific standard operating principles or values for the council and its staff and that they are communicated and understood. These will build on the *Seven Principles of Public Life* (The Nolan Principles).
	• Lead by example and use the above standard operating principles or values as a framework for decision-making and other actions.
	• Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which will be reviewed on a regular basis to ensure they are operating effectively.
Demonstrating strong commitment to ethical values	• Seek to establish, monitor and maintain the council's ethical standards and performance.
	• Underpin personal behaviour with ethical values and ensure they permeate all aspects of the council's culture and operation.
	• Develop and maintain robust policies and procedures which place emphasis on agreed ethical values of our organisation.
	• Ensure that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the council.
Respecting the Rule of Law	• Ensure councillors and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.
	• Create the conditions to ensure that the statutory officers, other key post holders and councillors can fulfil their responsibilities in accordance with legislative and regulatory provisions
	• Maximise the use of the full powers available to the Council for the benefit of citizens, communities and other stakeholders.
	• Deal with breaches of legal and regulatory provisions effectively and quickly.
	• Ensure corruption and misuse of power is dealt with effectively and quickly.
B) Ensuring openness and comprehensive stakeholder engagement	
	• Ensure an open culture through demonstrating, documenting and communicating the council's commitment to openness.

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Openness	• Make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption will be for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential will be provided.
	• Provide clear reasoning and evidence for decisions in both public records and explanation to stakeholders and will be explicit about the criteria, rationale and considerations used. In due course, the council will ensure that the impact and consequences of those decisions are clear.
	• Use formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action.
Engaging comprehensively with institutional stakeholders	• Effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.
	• Develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.
	• Recognise that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.
Engaging stakeholders effectively, including individual citizens and service users	• Establish a clear policy on the type of issues that the council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of the intended outcomes.
	• Ensure that communication methods are effective, and that councillors and staff are clear about their roles regarding community engagement.
	• Encourage, collect and evaluate the views and experiences of customers, communities, citizens, service users and organisations of different backgrounds including reference to future needs.
	• Implement effective feedback mechanisms to demonstrate how their views have been considered.
	• Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.
	• Take account of the interests of future generations of tax payers and service users.
(C) Defining outcomes in terms of sustainable economic, social and environmental benefits	
	• Have a clear vision, which is an agreed formal statement of the council's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the council's overall strategy, planning and other decisions.

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Defining outcomes	• Specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.
	• Deliver defined outcomes on a sustainable basis within the resources that will be available.
	• Identify and manage risks to the achievement of outcomes.
	• Manage customers/service users' expectations effectively regarding determining priorities and making the best use of the resources available.
Sustainable economic, social and environmental benefits	• Consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.
	• Take a longer-term view regarding decision making, taking account of risk and acting transparently where there are potential conflicts between the council's intended outcomes and short-term factors such as the political cycle or financial constraints.
	• Determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits through consultation where possible, to ensure appropriate trade-offs.
	• Ensure equal access to council services.
D) Determining the interventions necessary to optimise the achievement of the intended outcomes	
Determining interventions	• Ensure decision makers receive objective and rigorous analysis of a variety of options indicating how the intended outcomes would be achieved and including the risks associated with those options. Therefore, ensuring best value is achieved regardless of how services are provided.
	• Consider feedback from customers and service users when making decisions about service improvements or where services are no longer required to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.
Corporate planning interventions	• Establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets.
	• Engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
	• Consider and monitor risks facing each partner when working collaboratively, including shared risk.
	• Ensure arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.
	• Establish appropriate Key Performance Indicators (KPIs) as part of the planning process, to identify how the

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	performance of services and projects is to be measured.
	• Ensure capacity exists to generate the information required to review service quality regularly.
	• Prepare budgets in accordance with organisational objectives, strategies and the medium-term financial plan.
	• Inform medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
Optimising achievement of intended outcomes	• Ensure the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints.
	• Ensure the budgeting process is all-inclusive, considering the full cost of operations over the medium and longer-term.
	• Ensure the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period for outcomes to be achieved while optimising resource usage.
	• Ensure the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community… over and above the direct purchasing of goods, services and outcomes".
E) Developing the council's capacity, including the capability of its leadership and the individuals within it	
Developing the council's capacity	• Review operations, performance use of assets on a regular basis to ensure their continuing effectiveness.
	• Improve resource use through appropriate application of techniques such as benchmarking and other options to determine how the council's resources are allocated so that outcomes are achieved effectively and efficiently.
	• Recognise the benefits of partnerships and collaborative working where added value can be achieved.
	• Develop and maintain an effective workforce plan to enhance the strategic allocation of resources.
Developing the capability of the council's leadership and other individuals	• Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.
	• Publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.
	• Ensure the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the council in implementing its strategy and managing the delivery of services and other outputs set by councillors and each provides a check and a balance for each other's authority.

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	- Develop the capabilities of councillors and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ➢ ensuring councillors and staff have access to appropriate induction tailored to their role and that ongoing training and development that matches individual and organisational requirements is available and encouraged; ➢ ensuring councillors and staff have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they can update their knowledge on a continuing basis; and ➢ ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.
	Ensure that there are structures in place to encourage public participation.
	Encourage innovation amongst Council staff and Councillors.
	Encourage Councillors to engage with other Councils and bodies such as LGA to expand viewpoints and horizons and learn from others.
	Take steps to consider the leadership's own effectiveness and ensure leaders are open to constructive feedback from peer review and inspections.
	Hold staff to account through regular performance reviews which take account of training or development needs.
	Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.
F) Managing risks and performance through robust internal control and strong public financial management	
Managing risk and projects	Recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making.
	Implement robust and integrated risk management arrangements and ensure that they are working effectively.
	Ensure that responsibilities for managing individual risks are clearly allocated.
	Ensure effective project governance is maintained to manage project stages.
Managing	Monitor service delivery effectively including planning, specification, execution and independent post implementation review.
	Make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the council's financial, social and environmental position and outlook.

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performance	• Ensure an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made - thereby enhancing the council's performance and that of any organisation for which it is responsible.
	• Provide councillors and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
	• Ensure there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).
Robust internal control	• Align the risk management strategy and policies on internal control with achieving objectives.
	• Evaluate and monitor the council's risk management and internal control arrangements on a regular basis
	• Ensure effective counter fraud and anti-corruption arrangements are in place.
	• Ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
	• Ensure an Audit Committee which is independent of the executive and accountable to the council: ➢ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and ➢ that its recommendations are listened to and acted upon.
Managing data	• Ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
	• Ensure effective arrangements are in place and operating effectively when sharing data with other bodies.
	• Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring.
Strong public financial management	• Ensure financial management supports both long-term achievement of outcomes and short-term financial and operational performance.
	• Ensure well–developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.
G) Implementing good practices in transparency, reporting and audit to deliver effective accountability	
	• Write and communicate reports for the public and other stakeholders in a fair, balanced and understandable

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Implementing good practice in transparency	style appropriate to the intended audience ensuring that they are easy to access and interrogate.
	• Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous and ensuring the information is easy for users to understand.
Implementing good practices in reporting	• Report at least annually on performance, value for money and the stewardship of its resources to public in a timely and understandable way.
	• Ensure councillors and senior management own the results.
	• Ensure robust arrangements for assessing the extent to which the principles contained in this framework have been applied and publish the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (Annual Governance Statement).
	• Ensure that the framework is applied to jointly managed or shared service organisations as appropriate.
	• Ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.
Assurance and effective accountability	• Ensure that recommendations for corrective action made by external audit are acted upon.
	• Ensure an effective internal audit service with direct access to councillors is in place which provides assurance regarding governance arrangements and that recommendations are acted upon.
	• Welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations.
	• Gain assurance on risks associated with delivering services through third parties and evidence this in the Annual Governance Statement.
	• Ensure that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

Appendix B – Council's Corporate Governance Framework evidence
'The International Framework: Good Governance in the Public Sector' defines 'governance' as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The framework also states that to deliver good governance in the public sector both governing bodies and individuals working for them must try to achieve the council's objectives while acting in the public interest at all times.
(A) Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

- Constitution
- Financial Governance documents
- Procurement Governance documents
- Councillor Induction
- Contracts, SLAs and MoUs
- Policies and procedures
- Councillor Development Programme
- Schemes of delegation / decision making protocols
- Behaviours in performance management
- Scrutiny framework
- Meeting minutes
- Coaches and training
- Statutory officers roles:- Chief Executive, Chief Financial Officer, Monitoring Officer
- Councillor and staff Codes of Conduct
- Councillors / staff Register of Interests / Register of Gifts and hospitality
- Protocol for councillor/staff relations
- Anti-Fraud and Corruption Strategy
- Confidential Reporting Code (whistleblowing)
- Corporate Governance Policy
- Complaints Procedure
- IT Acceptable Usage Policy

(B) Ensuring openness and comprehensive stakeholder engagement

- Cabinet lead meetings
- Freedom of Information
- New councillor induction programme
- Committee Reports and Papers
- Openness is delivered by chairing formal board meetings in an open and inclusive manner
- Statement of Community Involvement
- Annual programme of councillor workshops on Local Plan, community infrastructure levy and development Management topics
- Legislative requirements to be fulfilled in advertising planning applications and other development proposals
- Engagement with Community through Council newsletters and events
- Joint work arrangements
- Media engagement including social media

(C) Defining outcomes in terms of sustainable, economic, social and environmental benefits
• Energy Strategy • Environmental Services business plan • Disabled Facilities Grants returns • Food Standards Agency returns • Corporate Governance Policy (including risk management) • Business Plans • Appraisals and monthly 1-2-1s • Local Plan complies with national legislation and policy which requires development to be sustainable – i.e. blending social, environmental and economic issues. Adopted Local Plan and emerging draft Local Plan and put sustainable development principles at the heart • Community Infrastructure Levy Spending Protocol provides transparency on what funds will be spent – annually reviewed
(D) Determining the interventions necessary to optimise the achievement of the intended outcomes
• Fees and Charges (statutory and discretionary) • Procurement management documents • Consultations • Contract management – Strategic Commissioning team • Performance management quarterly reviews • The success of the annual business plans per service will also contribute towards evidencing the Client Team's success in delivering outcomes whilst using appropriate behaviours • KPI and PI outcomes and annual business plan success • Monitoring of policies through ongoing review to understand policy effectiveness • Government housing targets for HBC determine performance • National planning application performance targets determine if interventions are required
(E) Developing the council's capacity, including the capability of its leadership and the individuals within it

- Service reviews/redesign
- Matrix management
- Capacity analysis
- Leadership Conference
- Partnerships/Shared services
- External secondments to other local authorities
- 360-degree feedback
- Appraisals
- Succession Planning
- Talent Management/Talent matrix reviewed annually
- Personal Development Plans
- Staffing policies
- Coaching and training opportunities

(F) Managing risks and performance through robust internal control and strong public financial management

- Budget setting
- Budget challenge sessions
- Internal Audit Annual Plan
- Corporate Risk Register
- Operational Risk Registers
- Strategic Project Risk Registers
- Scrutiny Panel

(G) Implementing good practices in transparency, reporting and audit to deliver effective accountability

- Audit Plans
- Food Standards Agency returns
- Disabled Facilities Grants returns
- Annual Parking Report
- Annual Statement of Accounts
- Annual Governance Statement
- Audit programme is in place and includes the contract which the auditors and authority has agreed
- Local Plan: councillor workshops, public consultation, scrutiny panels, Cabinet, Full Council, independent public examination
- Audit of S106 and community infrastructure payments and spending
- Publication of planning performance statistics for national league tables