

## **STEVENAGE BOROUGH COUNCIL**

### **LOCAL CODE OF CORPORATE GOVERNANCE**

#### **A What is a Code of Corporate Governance?**

Code of Corporate Governance is commonly defined as a statement of the system by which a local authority directs and controls the exercise of its functions and relates to the local community. This definition is founded on that used in the Cadbury Report on the Financial Aspects of Corporate Governance which related to the governance of private companies. However it also recognises the key role of local government in community leadership, by placing emphasis on relationships with local people.

In other words, it is about how local authorities ensure that they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

#### **B Fundamental principles**

Cadbury identified three fundamental principles for corporate governance. They are:-

Openness  
Integrity  
Accountability

These are as relevant in the public sector as the private – possibly more so. These principles were expanded by the Nolan Committee on Standards in Public Life, and further expanded as the guiding principles underpinning and to be read with and appear as an annex to the statutory model code of conduct for members. These principles define the standards that members should uphold, and serve as a reminder of the purpose of the Code of Conduct.

These principles are also readily accepted by the Council as underpinning all local government activity.

They are:-

##### **Selflessness**

Holders of public office should act solely in terms of the public interest.

##### **Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### **Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### **Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### **Honesty**

Holders of public office should be truthful.

### **Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Each local council operates through a governance framework. It is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes. In 2001, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Council Chief Executives and Senior Managers (SOLACE), with the support from key organisations in local government, formed a Working Party to respond to the need to draw together the principles identified by Cadbury, Nolan and, in England, the former Department of the Environment, Transport and the Regions, into a single framework of good governance for use in local government. Good governance arrangements should not be regarded as a bureaucratic process but underpin sound decision making.

Aspects of the corporate governance find expression in the everyday practices and procedures of a local authority and are set out in various legislative and regulatory measures. However, an overarching Code of Corporate Governance fulfils the following purposes:

- It stimulates confidence in the activities of local government, its politicians and employees, and the way it goes about business.
- It focuses the minds of those involved in local government on making decisions in a proper way and engaging local stakeholders.

## Appendix 1

- It assists with continuous improvement in the delivery of services and serves to minimise the authority's exposure to risk.

### **C The decision making process**

Decisions will be taken in accordance with the following:

1. The decision will be made following an evaluation of options
2. The decision maker will take professional advice (including financial and legal advice)
3. The decision will be taken following a consideration of all relevant matters and disregarding irrelevancies
4. Reasons for the decision will be recorded as will details of options considered with reasons for their rejection.
5. Action taken will be proportionate to the result to be achieved.
6. Full observance of equalities and proper consideration of human rights.
7. A presumption in favour of openness, unless there are compelling lawful reasons preventing the consideration of matters in public.
8. Consultation appropriate to the matter under consideration.
9. Clarity of aims and desired outcomes
10. The highest standard of ethical conduct, avoiding actual, potential, and perceived conflicts of interest.
11. Consideration of business by Council members will be on the basis of written reports containing all relevant service, corporate, legal and financial considerations.
12. All Executive decisions may be subject to scrutiny by the Overview and Scrutiny Committee in accordance with the Council's constitution.
13. Decisions will be taken in accordance with the Council's Scheme of Delegation as appropriate, and these schemes will be maintained, kept up to date and made available to the public.

### **D Ethics**

1. The Council will maintain and promote a Member Code of Conduct, which complies in all respects with all legal requirements.

## Appendix 1

2. The Council will maintain an Employee Code of Conduct, which promotes the highest standards of behaviour among employees.
3. Training will be provided for members and staff on the operation of the Codes of Conduct.
4. The Council will maintain a Members' Register of Interests in accordance with the law, and inform members of their duty to keep it up to date.
5. Key senior staff will be requested to disclose any interests which they have, which if they were a member they would be required to disclose, and a register kept of those interests declared.
6. The Council will maintain a protocol relating to the relationship between members and staff, promoting professional and effective relations between staff and all members, whether members of the Cabinet or Overview and Scrutiny.
7. The Council will adopt and maintain a whistleblowing policy, which is made available and will report on referrals under it each year.

### **E Members' roles**

1. The Council will document the roles of all members of the authority including the relative roles of the Leader and Cabinet and non-executive members of the authority. Officers will support all members in the performance of these roles.
2. Members will maintain appropriate schemes of delegation and in particular define those matters reserved for collective decision by full Council.
3. Members will put in place clearly documented processes for policy development, implementation and review and for decision making, monitoring and control as well as procedural and financial regulations relating to the conduct of Council business.
4. Members will recognise that although within the Council they may fulfil different roles (for example on a review and scrutiny committee or as member of the Executive), the Council remains a single corporate entity and can only function effectively if there is an appropriate balance between this corporate approach and the need to ensure that executive decisions are made appropriate and scrutinised constructively.
5. The Council will develop the capacity of members to undertake their various roles.
6. As required by law, members will put in place the terms of their remuneration and arrangements for review by an Independent Remuneration Panel.

7. Each year the Council will publish details of remuneration paid to each member of the Council.

## **F Officers' roles**

1. The Council will maintain the post of Head of Paid Service (Chief Executive – responsible for the management of the Council's workforce and overall corporate management of the authority) separate from the political executive of the authority.
2. The Council will maintain the post of Chief Finance Officer to advise on the proper administration of the Council's financial affairs, keeping proper financial records and maintaining effective systems of financial control.
3. The Council will maintain the post of Monitoring Officer who will be the person responsible to the authority for ensuring that procedure, legislation and good practice are complied with.
4. The Head of Paid Service, the Monitoring Officer and the Chief Finance Officer shall be entitled to attend any meeting of the Council, the Mayor and Cabinet or any committee.
5. When considering any matter, members must have regard to the advice of the Council's statutory officers.
6. All staff will have job descriptions which clearly define their roles, responsibilities and remuneration
7. The Council will develop the skills and professionalism of officers to perform their duties effectively.
8. Council employees will support and advise all members of the Authority irrespective of whether they are executive or non-executive members.

## **G. Accountability and Community Focus**

1. The Council will create a vision for its area and focus on outcomes for the community and the purposes of the authority.
2. The Council will record its decisions in writing and make those written records and the reasons for a decision available to the public.
3. The Leader, members of the Cabinet and Executive Directors may be required to give account for their performance to the relevant Overview and Scrutiny Committee.

## Appendix 1

4. The Council will adopt a performance management framework to measure and analyse key performance indicators and make information about performance against those indicators publicly available periodically
5. The Council will put in place mechanisms to encourage participation in the affairs of the Council by individuals and groups from a broad cross section of the community and will monitor their effectiveness.
6. In consultation with the local community, will develop a vision and values for the local community and other stakeholders. It will ensure that the vision and those values are both expressed and publicised clearly through its Outcomes and Priorities and promoted by the Council, its members and officers.
7. The Council will co-operate fully with external inspectors and respond positively to their findings, making arrangements to implement agreed actions effectively.

### **H. Financial matters**

In addition to those financial matters raised elsewhere in this Code, the Council will:-

1. Put in place a process by which resources are allocated to priorities.
2. Adopt a financial reporting process to ensure that members receive financial monitoring reports at appropriate intervals.
3. Maintain an objective and professional relationship with external auditors and publish an annual statement of accounts in a timely manner.

### **I Risk Management**

1. The Council will put in place a system for identifying and evaluating significant risks to the authority.
2. The Council will put in place effective risk management systems, including systems of internal control as well as effective arrangements for an objective review of risk management and internal control.