

DRAFT

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 - members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person

Honest and integrity - members should not place themselves in situations where their honesty and integrity may be

questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

Objectivity - members should make decisions on merit, including when making appointments, awarding contract, or recommending individuals for rewards or benefits

Accountability - members should be accountable to the public for their actions and the manner in which they carry out their responsibilities and should co-operate fully and honestly with any scrutiny appropriate to their particular office

Openness - member should be as open as possible about their actions and should be prepared to give reasons for them

Personal Judgement - members must take account of the views of others (and this may include their political groups) but should reach their own conclusions on the issues before them and act in accordance with those conclusions

Respect for Others - members should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their race, age, gender, sexual orientation or disability. They should respect the integrity and impartiality of the authority's statutory officers, and its other employees and not do anything to compromise that impartiality

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

Leadership - members should promote and support these principles by leadership, and by example, and should always act in a way that secures or preserves public confidence.

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 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

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 standards 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.
2. The Council will maintain an Employee Code of Conduct, which complies with all legal requirements and 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 widely 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 the 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 appropriately 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. All decisions made by the Leader or delegated by him will be available for scrutiny by the overview and scrutiny committee in accordance with the Council's constitution.
4. 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.
5. The Council will publish annual performance targets in its Corporate Plan and Annual Report and review performance against those targets in its Annual Report.
6. 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.
7. 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.
8. In consultation with the local community will develop a vision and values for the local community and other stakeholders. It will ensure that that vision and those values are both expressed and publicised clearly through its Ambitions and Priorities and promoted by the Council, its members and officers.
9. 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
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
3. Annually the Council will publish an objective balanced and understandable statement and assessment of the authority's risk management mechanisms and their effectiveness.

J Review

1. The Council will monitor compliance with this Code annually. The Head of Paid Service, Chief Finance Officer and the Monitoring Officer will present a joint report to the Standards Committee on the extent of compliance, and the Council's annual statement of accounts will contain a statement explaining the extent of compliance. The officers will also present any proposals for amendment to the Code for consideration.