

Cabinet
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<b>Meeting Date</b>	14 June 2017
<b>Report Title</b>	Local Code of Corporate Governance
<b>Portfolio Holder</b>	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance & Performance
<b>SMT Lead</b>	Nick Vickers, Chief Financial Officer
<b>Head of Service</b>	Nick Vickers, Chief Financial Officer
<b>Lead Officer</b>	Nick Vickers, Chief Financial Officer

<b>Recommendations</b>	1. To agree the Local Code of Corporate Governance.
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## **Purpose of Report and Executive Summary**

- 1.1 This report seeks agreement to an updated Local Code of Corporate Governance in accordance with the SOLACE Delivering Good Governance document published in late 2016.

## **2 Background**

- 2.1 The Council last updated the Code in April 2013 and it is good practice to review the document in light of the latest SOLACE document. This will also be reflected in the Annual Governance Statement which the Audit Committee will be asked to agree.
- 2.2 The SOLACE document builds upon the 2012 framework but places a particular emphasis upon attaining “sustainable economic, societal and environmental outcomes” and the emphasis on outcomes rather than just process is welcome. The framework is though a guide to best practice, it is not a statutory document, and as always with such approaches organisations need to determine what within it is most important for improving governance.
- 2.3 The publication of an Annual Governance Statement prepared in accordance with framework fulfils the requirement for a local authority to review annually the effectiveness of the system of internal control and to include a statement reporting on the review with its Statement of Accounts.

## **3 Proposal**

- 3.1 A draft local code is attached in the Appendix.

## 4 Alternative Options

- 4.1 External audit expect to see compliance with the revised SOLACE document.

## 5 Consultation Undertaken or Proposed

- 5.1 Views have been sought from the Council's statutory officers and the Head of the Audit partnership.

## 6 Implications

Issue	Implications
Corporate Plan	Supports the Council's overall objectives by promoting good governance.
Financial, Resource and Property	No direct financial implications but compliance with the code will support good decision making on financial issues.
Legal and Statutory	No direct legal implications but compliance with the code will support good decision making.
Crime and Disorder	Not applicable.
Risk Management and Health and Safety	Not applicable.
Equality and Diversity	Not applicable.
Sustainability	Not applicable.

## 7 Appendices

- 7.1 The following documents are to be published with this report and form part of the report
- Appendix I: Local Code of Corporate Governance

## 8 Background Papers

- 8.1 Delivering Good Governance in Local Government Framework 2016 Edition.

Local Code of  
Corporate Governance  
June 2017



## 1. Introduction

- 1.1 The International Framework (Good Governance in the Public Sector CIPFA/IFAC 2014) defines governance as follows:

“The arrangements put in place to ensure that intended outcomes for stakeholders are defined and achieved.”

- 1.2 The International Framework also states:

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives whilst acting in the public interest at all times.”

“Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.”

- 1.3 The following sections set the Council’s commitment to the principles of good governance in the framework and how the Council will seek to work to these principles.

## 2. Principles of Good Governance in Local Government

- 2.1 **Behaving with integrity, demonstrating commitment to ethical values and respecting the rule of law.**

Issue	Evidence/Outcomes
Members and Officer Code of Conduct	Tried and tested arrangements in place which have been proven to operate well.
Member Development Working Group promoting member development and training.	The group meets regularly and arranges a wide reaching set of member seminars.
Independent Member Remuneration Panel	Reported to Council in November 2016 with recommendations agreed. The process does seem to be refining the member remuneration and prioritising resources.
Having a clear decision making protocol contained within the Constitution.	Proven through the soundness of decision making processes.
Maintaining and promoting an Anti-fraud and Corruption policy.	Policy exists and register of hospitality maintained.
Having up to date Financial and Procurement regulations.	Regularly reviewed by senior management and subject to member

	agreement to changes.
Maintaining a Whistleblowing policy.	Policy exists and is promoted.
Maintaining and promoting the Equalities policy.	Actively promoted and reviewed with regular reporting to SMT.
Effective Internal Audit function.	Independently quality assessed.
Having clear performance management arrangements for Officers.	Performance management process implemented and kept under review by SMT.
Promotion with Members and Officers of the Council's values: FIRST – Fairness, Integrity, Respect, Service, Trust.	Senior management support and use of staff briefing and team meetings to promote and reinforce.

## 2.2 Ensuring openness and comprehensive stakeholder engagement.

Issue	Evidence/Outcomes
Publishing and distributing Inside Swale to all households	Providing a trusted source of Council news and information distributed 4 times per year to 60,000 households in the borough.
Publishing a Corporate Plan.	Corporate Plan published and regularly updated.
Maintaining and investing in a Council website.	Ensuring the Council provides an accessible digital platform for delivering online services, providing a comprehensive information source and access to transparency data
Use of social media to promote Council services and engage with stakeholders.	Providing a news and information source for stakeholders through agreed social media channels. Responding to customer questions and comments in accordance with the council's Social Media Policy
Undertaking public meetings	Agreed process for organising and publicising public meetings when a significant issue or decision is of sufficient impact that it requires a public meeting outside of the formal consultation processes.
Publishing a consultation policy statement	Sets out aims and commitment to consultation with the wider public, voluntary and community sector, town and parish councils and businesses.
Open Council meetings	Providing public access to Council and committee meetings. Agendas, reports and meeting minutes published on Council website
Accessible leadership	Opportunity for public/stakeholders to

	'Ask the leader'. All questions and responses published on Council website.
All Cabinet reports contain a consultation section.	Standard to all reports to Council and cabinet.
Annual report	Publishing an Annual Report and publishing performance against national and key local performance indicators.
Regular resident surveys	Local Area perception Survey undertaken once every 2 years.
Complaint/compliments monitoring	Maintaining a comprehensive complaints/appeals procedure reported to Cabinet and SMT regularly.

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

Issue	Evidence/Outcomes
Local Plan-Bearing Fruit	Major considerations in the local plan.
Corporate Plan	The approach of focussing on the Borough, Community and Council does bring in these issues and specific actions being taken to improve outcomes.
Annual Report	Published on the website and is based on the Corporate Plan objectives and does focus heavily on outcomes.
Corporate Performance Management	Broader economic and social indicators are included although there is less emphasis on environmental measures.
Investment strategy	Council has to move to long term financial self-sufficiency as Revenue Support Grant is withdrawn.

### 2.4 Determining the interventions necessary to optimise the achievement of the intended outcomes.

Issues	Evidence/Outcomes
Objective decision making.	Organisation aims to produce high quality reports which are subject to

	robust internal challenge, transparent decision making and scrutiny review.
Feedback from residents	Consultation processes for changes to key public facing services eg CCTV.
Resourcing change	Use of reserve funds in particular the performance fund and regeneration fund to meet the cost of service improvements even when overall resources are reduced eg member grants, enhancements to the website, digital service design.
Performance management	Quarterly reporting of KPI's to Informal cabinet, Scrutiny Committee and SMT-follow up where performance standards are not being met.
Budget process	Identifies growth items and unavoidable cost pressures and prioritises them. Transformation process is challenging existing ways of working.
Longer term financial forecasting.	10 year financial plan prepared.

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

Issues	Evidence/Outcomes
Partnership working	Varied range of partnership working at the heart of service delivery-both with other local authorities, voluntary organisations and major contractors.
Clear decision making processes	Decision making in the Council is genuinely member led and members are fully engaged in Council processes. All key decisions are made by Cabinet being on the basis of written reports, including assessments of alternative options, consultation undertaken, financial, legal, risk management, health & safety and equality implications.
Management structure	Appointing a Chief Executive (and Head of Paid Service) and a Corporate Leadership Team and ensuring all staff have clear conditions of employment and job descriptions which set out their roles and responsibilities.

Member development	Member Development Group and an active programme of member development and training events.
Staff development	High level commitment to staff development and to talent management.
Staff appraisal and performance management.	Operating a staff performance appraisal system including target setting and personal development plan.

## **2.6 Managing risks and performance through robust internal control and strong public financial management.**

<b>Issues</b>	<b>Evidence/Outcomes</b>
Strong risk management approach.	Fully revised approach implemented in 2016 with buy in from Cabinet, Audit Committee and SMT.
Effective decision making	Real emphasis on fact based decision making through Cabinet based upon robust processes managed by SMT.
Effective scrutiny function.	Independent and challenging Scrutiny and Policy Review Committees.
Policy and budget framework set by Full Council. Within this framework all key decisions are taken by Cabinet.	Decisions taken transparently and open to scrutiny.
Robust financial reporting	Well established arrangements through Cabinet and Scrutiny Committee with a highly effective challenge from Scrutiny Committee.
Financial accounts	Emphasis on producing high quality and timely financial accounts – recognised by the external auditor.
Data management	High priority to good data management and any breaches thoroughly followed up and reported externally where necessary. Mandatory on line training for staff.

## **2.7 Implementing good practices in transparency, reporting and audit to deliver effective accountability.**

<b>Issues</b>	<b>Evidence/Outcomes</b>
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Transparency Code	Full Compliance with the Transparency Code but additionally publishing all invoices over £250.
High quality internal audit.	Independently quality assessed as fully conforming to Public Sector Internal Audit Standards, including, independence of the Chief Auditor. Annual plan agreed with Members and outcomes reported.
Follow up to internal audit recommendations	Reported to Audit Committee and Strategic management team regularly and follow up action taken.
Corporate performance management.	Regular reporting to Informal Cabinet, Scrutiny Committee and SMT.
Peer challenge.	The Council has had 2 peer challenges and an action plan is being implemented from the 2016 review.
Partnership working	Particularly in the context of the Mid Kent Services a strong emphasis on good governance and sharing best practice through partnership services.
Annual Governance Statement	An honest assessment of the strengths and weaknesses of governance processes.

# Key Documents underpinning the Local Code of Corporate Governance

- 1 Constitution
- 2 Financial Regulations and Standing Orders
- 3 Corporate Plan
- 4 Financial Accounts/Medium Term Financial Plan
- 5 Commissioning Framework
- 6 Officers Code of Conduct
- 7 Staff Handbook
- 8 Equality Strategy
- 9 ICT Strategy
- 10 Member Training and Development Strategy
- 11 Asset Management Plan
- 12 Communication Strategy