Audit and Standards Committee – 26 September 2016

Code of Corporate Governance - Update

Recommendations

1.   To note that following review by the Council's Corporate Governance Working Group, the updated Code of Corporate Governance (Appendix 1) and the revised Single Sheet Local Framework (Appendix 2).

2.   To note the progress made on developing the Corporate Governance Action Plan 2016/17; which requires the completion of the self-assessment questionnaire for the seven key principles and confirmation that all the documents/contributory processes/regulatory monitoring included within the single sheet framework are in place and reflect current practice.

Joint Report of the Director of Strategy, Governance and Change and the Director of Finance and Resources

Background

3.   A detailed review of the Code of Corporate Governance (and Single Sheet Local Framework) has been undertaken by the Council's Corporate Governance Group following the publication of the 2016 Delivering good corporate governance in Local Government framework. Previously the Corporate Governance framework consisted of six core principles. The table below maps the original six principles to the new seven which highlights that there are differences but the sentiment is essentially the same.

Old Principles	New Principles
1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.	C. Defining Outcomes in terms of sustainable economic, social and environmental benefits.
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.	E. Developing the entity's capacity, including the capacity of its leadership and the individuals within it.
3. Promoting the values for the authority and demonstrating the values of good governance through upholding high standards	A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

of conduct and behaviour.	
4. Taking informed transparent decisions which are subject to effective scrutiny and managing risk.	F. Managing risks and performance through robust internal control and strong public financial management.
5. Developing the capacity and capability of members and officers to be effective.	E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Engaging with local people and other stakeholders to ensure robust public accountability.	B. Ensuring openness and comprehensive stakeholder engagement.
	D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
	G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

4. The table above demonstrates that the 2016 framework builds significantly on the previous version and has been expanded to include greater emphasis on partnerships, outcomes, interventions and transparency agendas.

5. Consequently the Council's over-arching Code of Corporate Governance has been refreshed and is attached at Appendix 1. As part of the refresh the Single Sheet Local Framework has also been updated to reflect the key documents, contributory processes and regulatory monitoring arrangements which are in place to support the implementation of core principles. This is detailed at Appendix 2. Both documents have been discussed and approved by the Corporate Governance Working Group in August 16.

Development of the Action Plan 2016/17

6. Two key tasks are required to be completed, firstly to evaluate compliance of the current systems and processes against the sub principles for each of the seven dimensions outlined in the framework. Secondly to confirm all of the documents/ contributory process / regulatory monitoring as stated in the single sheet framework are in place and up to date. These tasks will be undertaken shortly and the resultant action plan reported to the next meeting of the Audit and Standards Committee.

Equalities and Legal and Climate Change Implications

7. There are no direct implications arising from this report.

Resource and Value for Money Implications

8.   Any new (significant) costs arising from Action Plans that cannot be contained within existing budgets will need to be considered within the Medium Term Financial Strategy (MTFS).

Risk Implications

9.   Good corporate governance is key to efficient and effective service delivery and will assist the Council in promoting its image with key stakeholders.

Report author

Author's Name: Lisa Andrews Ext No. 276380.

List of Background Documents:

CIPFA / SOLACE Publication: Delivering Good Governance in Local Government: Framework 2016

CIPFA / SOLACE Publication: Delivering Good Governance in Local Government: Guidance Note for English Authorities – 2016 Edition

STAFFORDSHIRE COUNTY COUNCIL - CODE OF CORPORATE GOVERNANCE

Introduction

The County Council has adopted a Code of Corporate Governance based upon the CIPFA / SOLACE document entitled "Delivering Good Governance in Local Government: Framework 2016.

What do we mean by Governance?

Governance is about how local government bodies 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.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

The Corporate Governance framework consists of seven core principles:

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

- Ensuring openness and comprehensive stakeholder engagement;

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

- Determining the interventions necessary to optimise the achievement of the intended outcomes;

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

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

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

The County Council's Code of Corporate Governance specifically identifies the actions to be taken in relation to each of the seven core principles. On a more practical basis, and in order to assist the reader, a single sheet which defines the local framework by reference to key documents and contributory processes is detailed at the end of the Code.

The Audit and Standards Committee is responsible for approving this Code and ensuring it is kept up to date by reviewing its operation on an annual basis.

Actions to be taken by the County Council in relation to each principle of corporate governance

Achieving the Intended Outcomes 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

Behaving with integrity
- Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation   - Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles   - Leading by example and using these standard operating principles or values as a framework for decision making and other actions   - Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively
Demonstrating strong commitment to ethical values
- Seeking to establish, monitor and maintain the organisation's ethical standards and performance   - Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation   - Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values   - Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation

Respecting the rule of law

- Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.
- Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring corruption and misuse of power are dealt with effectively

B.Ensuring openness and comprehensive stakeholder engagement

Openness

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness;
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action

Engaging comprehensively with institutional stakeholders

- Effectively engaging 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
- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
- Ensuring 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

- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.
- Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking 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

Defining outcomes

- Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions
- Specifying 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
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available

Sustainable economic, social and environmental benefits

- Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.
- Ensuring fair access to services

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

Determining interventions

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts

Planning interventions

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- Considering and monitoring risks facing each partner when working collaboratively including shared risks
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances
- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured
- Ensuring capacity exists to generate the information required to review service quality regularly
- Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan
- Informing 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

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
- Ensuring 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 in order for outcomes to be achieved while optimising resource usage
- Ensuring 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 entity's capacity, including the capability of its leadership and the individuals within it

Developing the entity's capacity

- Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently
- Recognising the benefits of partnerships and collaborative working where added value can be achieved
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

Developing the capability of the entity's leadership and other individuals

- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
- Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority
- Developing the capabilities of members 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 members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.
  - ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
  - ensuring personal, organisational and system- wide development through shared learning, including lessons learnt from governance weaknesses both internal and external

- Ensuring that there are structures in place to encourage public participation
- Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
- Holding staff to account through regular performance reviews which take account of training or development needs
- Ensuring 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

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for managing individual risks are clearly allocated

Managing performance

- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review
- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
- Ensuring 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 organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making
- Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)

Robust internal control

- Aligning the risk management strategy and policies on internal control with achieving the objectives
- Evaluating and monitoring the authority's risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:
  - provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment
  - that its recommendations are listened to and acted upon

Managing data

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.

Strong public financial management

- Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
- Ensuring 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

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Implementing good practice in transparency

- Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

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Implementing good practices in reporting

- Reporting at least annually on performance, value for money and the stewardship of its resources
- Ensuring members and senior management own the results
- Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)
- Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate
- Ensuring 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
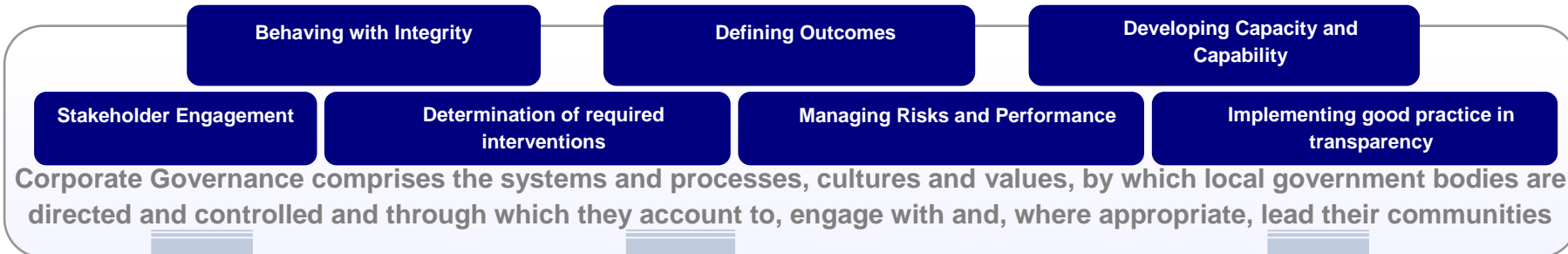

Assurance and effective accountability

- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
- Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met

Staffordshire County Council Corporate Governance Framework

Principles, Statutory Obligations and Organisational Objectives

Behaving with Integrity	Defining Outcomes	Developing Capacity and Capability

Stakeholder Engagement	Determination of required interventions	Managing Risks and Performance	Implementing good practice in transparency

Corporate Governance comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities

Key Documents: Annual Review / Production

Annual Governance Statement
Annual Outturn Performance and Finance Reports
Annual Information Governance Statement
Budget Accountability Statements
Business Plan
Corporate Risk Register
Delegations from/to Directors
Innovation & Efficiency Board
Medium Term Financial Strategy (capital and revenue)
Members Allowances Scheme
Prudential Code & Treasury Management Strategies
Statement of Accounts
Strategic Plan

Key Documents: Ad-Hoc Review / Production

Anti-Fraud Work plan
Business Cases (Options Appraisal)
Business Continuity Plans
Change Management Framework
Communications Strategy
Communications Strategy
Community Engagement Framework
Constitution
Corporate Information Security Policy
Corporate Procurement Strategy and Regulations
Corporate Property Strategy
Equality and Diversity Information
Financial Regulations
Health and Safety Policies (including Thinkwell)
ICT Strategy
Information Governance Framework
Integrity Policy Statement
Internet Transparency Pages
Member Development Plans
Member/Officer Relations
Members' Code of Conduct
Officer Employment Procedure Rules
Officers' Code of Conduct
Partnership Policy (to include accountability)
Performance Management Framework (including Benchmarking and KPI's)
Planning Protocols

Record of Decisions
Risk Management Policy Statement
Whistle Blowing Policy
Workforce Plan

Contributory Processes / Regulatory Monitoring

Audit and Standards Committee
Budget Accountability Statements
Citizen Surveys
Commercial Unit
Community Impact Assessments
Consultative Forums (Internal)
Corporate Governance Working Group
Corporate H&S Process
Corporate Intranet
Corporate Procurement Strategy and Regulations
Council Tax Leaflet / Information
Customer Feedback Process
Director of Finance and Resources
External Audit
Finance and Resources (Financial Management and Transformation)
Head of Paid Service
H&S Champion
Independent Remuneration Panel
Inspectorate Reports
Internal Audit including audit plan and implementation of recommendations

Job Descriptions
Job Evaluation Process
Law & Governance (including committee support)
Member Induction
Member Training
Monitoring Officer
My Performance Conversation
Organisational Development
Safer Recruitment
Schedule of Council Meetings
Scrutiny Framework
Social Value
Special Advisors
Staff Induction
Staff Surveys
Staffordshire Web
Staffordshire Observatory
Succession Planning