

# SPENNYMOOR TOWN COUNCIL



## LOCAL CODE OF GOVERNANCE

<b>Author of Policy:</b>	Town Clerk
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# 1. Introduction

This local code of governance has been developed from a framework document produced by The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).

Corporate governance is defined by CIPFA/SOLACE as comprising “the systems and processes for the direction and control of local authorities through which they account to, engage with and lead their communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services”.

The six sections of the code define how we comply with the six principles of good governance laid down by the independent commission on good governance in public service. These are: vision, forward planning, and performance

- Members and Officers roles and responsibilities
- standards of conduct
- scrutiny and risk management
- developing capacity
- engaging with local people and stakeholders

*What is “governance?”*

Sometimes there can appear to be a degree of mystery about the subject of governance which can hinder improvement. To avoid this and to be clear about how the Council views the term, we define governance as:

“Ensuring we are doing the right things in the right way, for the right people, in an open, honest inclusive and timely manner”

*How important is it?*

The Council recognises that all democratic and public governance relies on high standards of probity. When conduct and behaviour are corrupt or improper it erodes confidence in the democratic system. The UK has a strong reputation for high standards in public life, however citizen expectations are always increasing and it is important for the future well-being of local government and democracy that these standards are not only maintained, but

improved, in the future.

The Council commits itself to the following principles:

***Principle 1 - Focusing on the purpose of the Council and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.***

Leadership is exercised by clearly communicating the Council's purpose and vision and its intended outcomes for citizens and service users. We ensure that users receive a high quality of service whether directly, or in partnership or by commissioning. We also ensure that we make the best use of resources and that taxpayers and service users receive excellent value for money.

In pursuance of this principle we will:

- a) make a clear statement of the Council's purpose and vision and use it as a basis for corporate and service planning;
- b) review on a regular basis the Council's vision for the local area and its impact in the Council's governance arrangements;
- c) decide how the quality of service for users is to be measured and ensure that the information needed to review service quality effectively and regularly is available;
- d) produce timely, accurate and impartial financial information for decision making, enabling the Council to meet its objectives and providing effective stewardship and value for money;
- e) maintain a prudential financial framework, balance commitments with available resources; and monitor income and expenditure levels to ensure this balance is achieved;
- f) ensure compliance with the CIPFA codes regarding a prudential framework for capital finance and treasury management;
- g) put in place effective arrangements to deal with a failure in service delivery;

- h) when working in partnership, ensure that there is a common vision underpinning the work of the partnership that is understood and agreed by all partners. The vision should:
- be supported by clear and measurable objectives with targets and indicators
  - identify quality and cost drivers for deciding what services will be either provided or commissioned by the partnership.

## ***Principle 2 – Members and Officers working together to achieve a common purpose with clearly defined functions and roles***

Effective leadership requires clarity regarding the roles of Members and respect and recognition for the overview and scrutiny function. In addition to this constructive working relationship between Members and staff, mutual respect for each of these respective roles is vital.

Finally we need to ensure that residents understand our role and the levels of service they can expect.

In pursuance of this principle we will:

- a) set out a clear statement of the respective roles and responsibilities of Members and Officers;
- b) ensure Members and Officers are clear of their responsibilities under the Equality Act 2010 to have due regard to the equality duty in the exercising of Council functions (as outlined in the Council's diversity policy);
- c) set out the terms and conditions for remuneration of Members and Officers and an effective structure for managing the process;
- d) ensure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated;
- e) establish a medium term financial planning process in order to deliver a financial strategy ensuring sustainable finances, a robust annual budget process ensuring financial balance and an adequate

monitoring process; all of which are subject to regular review;

- f) when working in partnership:
- ensure that there is clarity about the legal status of the partnership
  - ensure that the roles and responsibilities of the partners are agreed so that there is effective leadership and accountability
  - ensure that Council representatives make clear to all other partners the extent of their authority to bind their organisations to partner decisions
- g) ensure that effective mechanisms exist to monitor service delivery;
- h) determine a scheme of delegated and reserved powers within the constitution and ensure that it is monitored and updated when required;
- k) require appropriate management accounting, functions and controls to be in place within the Council, together with outsourced and partnership arrangements;
- l) ensure budget calculations are robust and reserves are adequate;
- m) ensure that effective management arrangements are in place at the top of the organisation;
- n) make the Town Clerk responsible and accountable to the Council for all aspects of operational management;
- o) make the Town Clerk responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control. The Town Clerk will lead the promotion and delivery of good financial management, safeguarding public money and ensuring appropriate, economic, efficient and effective use of funds;
- q) make the Town Clerk responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with. Further to ensure that the Council, its Officers, and its Members, maintain the highest standards in all they do and that the Council's constitution is monitored and reviewed to make sure they give effect to its aims and principles.

## ***Principle 3 – Promoting our values and demonstrating the values of good governance by upholding high standards of conduct and behaviour***

High standards of conduct and effective governance can only be achieved if those who hold public office have the highest standards of behaviour and encourage others to do so by providing leadership by visibly embodying our core values of listening, learning and delivering.

In pursuance of this principle we will:

- a) develop and maintain shared values including leadership values both for the Council and its Officers reflecting public expectations about the conduct and behaviour of individuals and groups within and associated with the Council;
- b) use the Council's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council;
- c) develop and adopt formal codes of conduct defining standards of personal behaviour;
- d) develop and maintain an effective standards committee that acts as the main means to raise awareness and take the lead in ensuring high standards of conduct are firmly embedded within the local culture;
- e) put in place arrangements to ensure that Members and Officers of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice;
- f) put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and to monitor their continuing compliance in practice;
- g) ensure that systems and processes for financial administration and

control, protection of the Council's resources and assets, are designed in conformity with appropriate ethical standards; and are subject to monitoring of their effectiveness;

- h) in pursuing partnerships, agree a set of values against which decision making and actions can be judged in line with and having referred to the partnership policy.

## ***Principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.***

Informed decision-making is a fundamental part of good corporate governance. It requires Councils to be both rigorous in their examination of options but also open to consider representation and views from all sectors of the community and policy development groups. Complementing this we need to have robust knowledge of the community needs and the quality of the services we are providing or commissioning.

Finally we have to robustly manage the risks associated with these activities and ensure that we use (but do not exceed) the legal powers available.

In pursuance of this principle we will:

- a) develop and maintain an effective overview and scrutiny function which encourages constructive challenge and enhances the Council's performance overall;
- b) ensure an effective internal audit function is resourced and maintained;
- c) develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based;
- d) put in place arrangements so that conflicts of interest on behalf of Members and employees can be avoided and put in place appropriate processes to ensure that they continue to operate in practice;
- e) put in place arrangements for whistle blowing to which staff and all those contracting with the Council have access;
- f) put in place effective transparent and accessible arrangements for dealing with complaints;

- g) develop and maintain an effective Audit Committee which is independent of the executive;
- h) enable the Town Clerk to have direct access to the Audit Committee and external auditor;
- i) ensure that those making decisions are provided with information that is fit for purpose – relevant, timely and gives clear explanations of technical issues and their implications;
- j) produce clear, timely, complete and accurate information for budget holders and the Council, relating to the budgetary and financial performance of the Council;
- k) develop and maintain effective arrangements for determining the remuneration of staff;
- l) ensure that professional advice on legal and financial matters is available and recorded well in advance of decision making and used appropriately when decisions have significant legal or financial implications;
- m) enable the Town Clerk (Section 151 Officer) to bring influence to bear on all material decisions and provide advice on the levels of reserves and balances to be retained;
- n) ensure that risk management is embedded into the culture of the Council, with Members and Officers at all levels recognising that risk management is part of their job;
- o) require our arrangements for financial and internal control and management of risk to be formally addressed within the annual governance reports;
- p) ensure effective internal control arrangements exist for sound financial management systems and processes;
- q) actively recognise the limits of lawful activity placed on them by the ultra vires doctrine but also strive to utilise their powers to the full benefit of their communities;
- r) observe all specific legislative requirements placed upon them, as well as the requirements of general law and in particular integrate the key principles of administrative law – rationality, legality and natural justice into their procedures and decision making;
- s) when working in a partnership, put in place protocols for working

together which include a shared understanding of respective roles and responsibilities of each organisation;

- t) when working in a partnership, ensure that there are robust procedures for scrutinising decisions and behaviour and that these decisions and behaviour are compliant with any local authority rules/codes or comply with any rules/codes developed for the purpose of the partnership;
- u) when working in partnership, ensure that partnership papers are easily accessible and meetings are held in public unless there are good reasons for confidentiality. The partners must ensure that:
  - the partnership receives good quality advice and support and information about the views of citizens and stakeholders, so that robust and well-reasoned decisions are made; and
  - risk is managed at a corporate and operational level.

## ***Principle 5 - Developing the capacity and capability of Members and Officers to be effective***

Ensuring that Members and Officers have the necessary skills to operate an organization, with a £1.2m plus budget, that provides a multitude of different services. Preparing it to meet the challenges of the future, is one of the most important aspects of governance.

Setting and monitoring performance is one way of rising to this challenge. In pursuance of this principle we will ensure that we:

- a) assess the skills required by Members and Officers and make arrangements to agree a development plan to develop those skills and address any training gaps, to enable roles to be carried out effectively;
- b) embed financial competencies within all appropriate person specifications and appraisals;
- c) ensure that Councillors' roles and responsibilities for monitoring financial/budgetary performance are clear; and they are provided with and have access to adequate financial skills and training to assist in discharging these responsibilities;
- d) develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside

expert advice is needed, in line with the Member development strategy;

- e) provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis;
- f) ensure that the Statutory Officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority;
- g) review the scope of the Town Clerk's non-financial areas of responsibility to ensure financial matters are not compromised;
- h) provide the financial services, resources, expertise and systems necessary for the Town Clerk to perform their role effectively within the Council;
- i) put in place effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council;
- j) consider career structures for Members and Officers to encourage participation and development;
- k) when working in partnership, ensure that partners individually and the partnership collectively share responsibility for appointing people to the partnership who have the required skills and are at an appropriate level. The partnership should:
  - identify the capacity and capability requirements of the partnership
  - conduct an audit of the capacity and capability of the partnership and Partners
  - develop an effective plan for addressing any gaps.

## ***Principle 6 - Engaging with local people and other stakeholders to ensure robust local public accountability.***

Public authorities not only have to do things in the right way, but have to face the additional challenge of being seen to do things in the right way. This requires full engagement with local people through a process which is planned and resourced in a way that is fair. We are a "people" business providing

services to people by people.

People are our most important, and our most expensive asset, so a planned approach to their development is required.

In pursuance of this principle we will ensure that we:

- a) make clear to ourselves, all staff and the community, to whom we are accountable and for what;
- b) establish clear channels of communication with all sections of the community and other stakeholders and put in place monitoring arrangements to ensure that they operate effectively;
- c) put in place arrangements to ensure the Council engages effectively with its community, taking into consideration the Equality Act 2010 and the duties therein. These arrangements will recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands;
- d) will on an annual basis, publish an annual report giving information on the Council's vision, strategy, plans and financial statements as well as information about the outcomes, achievements and the satisfaction of service users in the previous period;
- e) put in place effective systems to protect the rights of staff. Ensure that policies for whistle blowing which are accessible to staff and those contracting with the authority, and arrangements for the support of whistle blowers, are in place;
- f) develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making;
- g) produce an annual report on the overview and scrutiny function activity;
- h) ensure that the Council as a whole is open and accessible to the community, service users and staff and make a commitment to openness and transparency in all our dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so;

## Annual Review and reporting

In order to comply with the principles of good governance the Council must ensure that systems and processes are continually monitored and reviewed, and are kept up to date.

An annual review of the Council's corporate governance arrangements will be carried out.

The preparation and publication of the annual governance statement will meet the statutory requirement of the accounts and audit regulations which requires authorities to "conduct a review at least once in a year of the effectiveness of its system of internal control" and to prepare an annual governance statement "in accordance with proper practices in relation to internal control". As such the annual governance statement will be prepared in accordance with the timetable for the preparation of financial statements in accordance with the audit and accounts regulations.