



Derby City Council

**LOCAL CODE OF
CORPORATE GOVERNANCE**

November 2012

1. INTRODUCTION

What is Corporate Governance?

- 1.1 The Corporate Governance framework comprises of the systems and processes, culture and values by which an organisation is directed and controlled. For local authorities this includes how a council relates to the community it serves.
- 1.2 Good Corporate Governance requires the authority to be open, transparent, effective, inclusive of all sectors of the community, accountable to the public it serves and to demonstrate integrity. Derby City Council recognises that it is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability Members and officers will be responsible for putting in place proper arrangements for the governance of the authority's affairs and the stewardship of the resources at its disposal.
- 1.3 This Code is a public statement of the ways in which the Council will achieve good corporate governance.
- 1.4 The Code is based around six principles which were identified in the joint publication by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). Their published guidance 'Delivering Good Governance in Local Government' identified the following as the essential criteria for the provision of good governance:
 1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
 2. Members and officers working together to achieve a common purpose with clearly defined functions and roles
 3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 5. Developing the capacity and capability of Members and officers to be effective
 6. Engaging with local people and other stakeholders to ensure robust public accountability.
- 1.5 By publishing a Code of Corporate Governance, the Council is demonstrating its commitment to ensuring the high quality of its public services. By promoting the principles of openness, accountability, integrity and effective governance,

the Council encourages public trust. The Code provides the public with greater awareness of the Council's arrangements and equips them with the knowledge to question the Council's plans and actions, thereby becoming more involved in the running of their city.

Why do we need a local Code?

1.6 Good governance is important because it is crucial to:

- Providing high-quality public services.
Nationally governance weaknesses have led to service failures and critical situations. High-performing organisations, on the other hand, have effective governance arrangements.
- Raising public trust.
The public's trust is increased when the quality of services that they and their families experience is high, and when organisations are perceived to be open and honest in communicating their performance, and in learning from their mistakes.

2. HOW WE WILL APPLY THE SIX PRINCIPLES OF GOOD GOVERNANCE

To achieve the principles of good governance, the authority supports and will apply the six core principles, and their related supporting principles, as follows:

2.1 Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

Supporting principles

- exercising strategic leadership by clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users
- ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning
- ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.

Derby City Council will continue to:

- set out a clear statement of the Council's purpose and vision and use it as basis for corporate and service planning

- review on a regular basis the Council's vision for the local area and its impact on the authority's governance arrangements
- ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties
- communicate on a timely basis the Council's activities and achievements, its financial position and performance through publications such as Your Derby, the annual Statement of Accounts etc.
- decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available and reflect this information in the Council Plan, as well as departmental business plans, the financial strategy etc.
- maintain effective arrangements to deal with failure in service delivery, for instance the Corporate Complaints Procedure
- decide how value for money is to be measured and make sure that the Council and its partners have the information needed to review value for money and performance effectively.

2.2 Members and officers working together to achieve a common purpose with clearly defined functions and roles

Supporting principles

- ensuring effective leadership throughout the authority by being clear about executive and non executive functions and of the roles and responsibilities of the scrutiny function
- ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard.
- ensuring relationships between the authority and the public are clear so that each know what to expect of the other.

Derby City Council will continue to:

- set out a clear statement of the respective roles and responsibilities of the Council Cabinet and of the Cabinet's members individually and the Council's approach towards putting this into practice
- set out a clear statement of the respective roles and responsibilities of other Members and of senior officers
- maintain a scheme of delegated and reserved powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council taking account of relevant legislation and ensure that it is monitored and updated when required
- maintain protocols to ensure effective communication between Members and officers in their respective roles
- maintain protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained
- make the Chief Executive responsible and accountable to the Council for all aspects of operational management

- make the s151 Officer (Strategic Director of Resources) 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
- make the Monitoring Officer 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.
- set out the terms and conditions for remuneration of Members and officers and an effective structure for managing the process including an effective remuneration panel
- ensure that effective mechanisms exist to monitor service delivery
- ensure that the Council's vision, Council plan, 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
- when working in partnership :
 - ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Council
 - 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 representatives or organisations make clear to all other partners the extent of their authority to bind their organisation to partner decisions

2.3 Promoting the values of the authority and demonstrating the values of good governance through behaviour

Supporting Principles

- ensuring council Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance
- ensuring that organisational values are put into practice and are effective.

Derby City Council will continue to:

- ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect
- ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols
- maintain arrangements to ensure that members and employees of Derby City 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

- maintain shared values including leadership values for both the Council and its staff, reflecting public expectations and communicate these with members, staff, the community and partners
- have in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing compliance and effectiveness in practice
- ensure that arrangements are in place for whistle-blowing (Confidential Reporting Code) to which staff and all those contracting with the Council have access
- maintain an effective standards committee which 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
- 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
- in pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged.

2.4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Supporting principles

- exercising leadership by being rigorous and transparent about how decisions are taken and listening to and acting upon the outcome of constructive scrutiny
- having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
- making sure that an effective risk management system is in place
- recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on local authorities by public law, but also accepting responsibility to use their legal powers to the full benefit of the citizens and communities in their area.

Derby City Council will continue to:

- maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible
- maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based
- have in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice

- maintain an effective audit and accounts committee which is independent of the Cabinet and scrutiny functions
- ensure that effective, transparent and accessible arrangements are in place for dealing with complaints
- ensure that those making decisions whether for the Council or any partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications
- ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately
- embed risk management into the culture of the Council, with members and managers at all levels recognising that risk management is part of their jobs
- actively recognise the limits of lawful activity placed on the Council by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of the City of Derby
- recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law
- observe all specific legislative requirements placed upon the Council, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into our procedures and decision-making processes.

2.5 Developing the capacity and capability of members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively.

Supporting principles

- making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
- developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group
- encouraging new talent for membership of the authority so that best use can be made of resources in balancing continuity and renewal.

Derby City Council will continue to:

- provide induction programmes tailored to individual needs and opportunities for both members and officers to update their knowledge on a regular basis
- 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

- assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively
- 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
- ensure that effective arrangements are in place for reviewing the performance of the Cabinet as a whole and of individual members and agreeing an action plan to address any training or development needs
- ensure that 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
- consider the merits of career structures for members and officers to encourage participation and development

2.6 Engaging with local people and other stakeholders to ensure robust local public accountability

Supporting principle

- exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability relationships
- taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery
- making best use of resources by taking an active and planned approach to meet responsibility to staff.

Derby City Council will continue to:

- make clear to themselves, all staff and the community to whom they are accountable and for what
- consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required
- produce an annual report on the activity of the scrutiny function
- ensure that clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively
- hold meetings in public unless there are good reasons for confidentiality
- ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands
- establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including

a feedback mechanism for those consultees to demonstrate what has changed as a result

- publish a plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period
- ensure that Derby City Council as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so
- develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

3 MONITORING, REPORTING AND REVIEW OF OUR GOVERNANCE ARRANGEMENTS

3.1 The Council will undertake annual reviews of its governance arrangements to ensure continuing compliance with best practice as set out in the CIPFA/SOLACE Framework and it recognises the importance of ensuring that such reviews are reported on both within the authority, to the Audit and Accounts Committee and externally with the published accounts, to provide assurance that:

- governance arrangements are adequate and operating effectively in practice; or
- where reviews of the governance arrangements have revealed gaps, action is planned that will ensure effective governance in future.

3.2 The Council will prepare an Annual Governance Statement and in so doing recognises that the process of preparing the Governance Statement should itself add value to the authority's governance and internal control framework. It will be submitted to the Audit and Accounts Committee for approval.

3.3 The Council will strive to establish an assurance framework, embedded into its business processes, that maps strategic objectives to risks, controls and assurances. Such a framework will provide Members with assurances to support the Governance Statement on a structured basis, and will help Members to identify whether all strategic objectives and significant business risks are being addressed.

Responsibilities:

3.4. **The Head of Governance and Assurance** is responsible for:

- reporting annually to the Audit and Accounts Committee on audit activities during the year, with particular emphasis on the systems of

internal control and the arrangements for governance, providing some of the assurance required in the Annual Governance Statement.

- co-ordinating, throughout the year, the Council's internal control assurances, including reporting regularly to Audit and Accounts Committee, and culminating in the Annual Governance Statement.

3.5 **The Governance Board** is responsible for:

- overseeing the implementation and monitoring of this Code
- reviewing the operation of this Code
- producing the Annual Governance Statement for submission to the Audit and Accounts Committee for approval.
- reviewing the robustness of the Council's governance framework and drawing up action plans for improvement
- assessing best practice

3.6 **Audit and Accounts Committee** is responsible for:

- monitoring the effectiveness of the Council's governance arrangements, risk management framework and internal control environment and scrutinising the implementation of the actions for improvement to the Council's governance arrangements.
- approving the Local Code of Governance
- the review and approval of the Annual Governance Statement
- the review and approval of the annual statement of accounts, confirming the appropriate accounting policies have been followed, including the external auditor's report to those charged with governance on issues arising from the audit of the accounts

3.7 **Standards Committee** is responsible for:

- promoting and maintaining high standards of conduct by the members of Derby City Council;
- assisting those members to observe the members' code of conduct and any other codes and protocols agreed by the Council;