

AGENDA MANAGEMENT SHEET

Name of Committee

Audit and Standards Committee

Date of Committee

20 February 2008

Report Title

Do The Right Thing – Local Code of Corporate Governance

Summary

This report seeks members' views on the draft local code of corporate governance.

For further information please contact:

Sarah Duxbury
Corporate Legal Services
Manager
Tel: 01926 412090
sarahduxbury@warwickshire.gov.uk

Garry Rollason
Audit and Risk Manager
Tel: 01926 412679
garryrollason@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework?

No.

Background papers

The County Council's existing Corporate Governance Code (Cabinet 14th October 2004)

The CIPFA/SOLACE 'Delivering Good Governance in Local Government' Framework and Guidance (June 2007)

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

Other Committees

.....

Local Member(s)

County wide

Other Elected Members

.....

Cabinet Member

Cllr Peter Fowler

Chief Executive

.....

Legal

.....

Finance

Other Chief Officers

Draft Code considered by SDLT on 23rd January 2008

District Councils

.....

Health Authority

.....

Police

.....

Other Bodies/Individuals

Draft Code considered by corporate governance lead officers (representatives from each Directorate)

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

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To Council

.....

To Cabinet

For approval 13 March 2008

To an O & S Committee

.....

To an Area Committee

.....

Further Consultation

.....

Audit And Standards Committee – 20 February 2008

Do The Right Thing – Local Code of Corporate Governance

Report of the Strategic Director of Performance and Development

Recommendation

That the Audit and Standards Committee considers and comments upon the draft local Code of Corporate Governance attached to this report at Appendix 1 which will be considered by the Cabinet at its meeting on 13 March 2008.

1 Background

- 1.1 On 14th October 2004 the Council adopted a Corporate Governance Code of Practice. The development of the Code was a target in the 2004 corporate governance action plan which was approved by Cabinet on 22nd April 2004 and followed a recommendation of the 2003/04 corporate governance audit.
- 1.2 In summer 2007 CIPFA and SOLACE released a new governance framework and associated guidance notes for Local Authorities. This guidance builds on recent governance work in both the public and private sector and in particular 'The Good Governance Standard' for public services drawn up by the Independent Commission on Good Governance in Public Services established by CIPFA and the Office for Public Management (OPM) in partnership with the Joseph Rowntree Foundation.
- 1.3 This report sets out the Council's response to the new CIPFA/SOLACE framework in particular with regard to the recommendation that all local authorities should update their own local codes of governance in light of the requirements set out in the guidance.

2. Updating Our Code

- 2.1 The new 2007 governance framework sets out 6 core principles of good governance. These are taken from the Good Governance Standard adapted for the local government context. These principles are.;

1. *Focusing on the purpose of the Council, on implementing our vision for the local area and on outcomes for the community;*

2. *Ensuring members and officers work together, with partners, to achieve the Council's common purpose, with clearly defined functions and roles of members and officers;*
 3. *Promoting the values of the Council and demonstrating those values by upholding high standards of conduct and behaviour;*
 4. *Taking informed and transparent decisions which are subject to effective scrutiny and risk assessments;*
 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*
- 2.2 In addition the framework provides a definition of corporate governance in a local government context, ie *"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."*
- 2.3 The Council's existing Code of Corporate Governance has been amended in light of this guidance. The content of our existing Code is very similar to the suggested draft code as contained in the guidance. However, the format has changed and the revised local Code is now based on the 6 principles of good governance as set out in the governance framework.
- 2.4 The draft Code is attached at Appendix 1. The draft Code has been the subject of consultation through the corporate governance lead officers group and was also considered by the Strategic Directors Leadership Team on 23rd January 2008. The attached version incorporates the proposed amendments from that meeting.
- 2.5 Members of the Audit and Standards Committee are asked to consider and comment upon the draft local Code as set out in Appendix 1. Subject to any comments made by the Committee, Cabinet will be asked to approved the Code at its meeting on 13th March 2008.
- 2.6 Members will be aware that the results of the 2007 corporate governance audit are also due to be considered at the Audit and Standards Committee on 20th February 2008. The report on the corporate governance audit contains a draft action plan on which comments are invited. Members should be aware that the draft action plan contains targets around publication and awareness of the local Code, including the re-branding of corporate governance training and publications around the logo 'Do the Right Thing'. It is fair to say that awareness of the Council's existing corporate governance code scored poorly in the 2007 audit. Actions have therefore been proposed as part of the action plan to raise awareness of the code generally and to summarise it in such as way as to make the contents relevant and accessible to all members of staff. Members should note that once the local Code has been approved, design work will be undertaken before it is publicised more widely.

DAVID CARTER
Strategic Director of Performance and Development

Shire Hall
Warwick
17 December 2007

Do The Right Thing

[DRAFT] The Code of Corporate Governance for Warwickshire County Council

1. What is 'governance'

- 1.1 Governance is about how the County Council ensures it is doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner. It is all made up of all the systems, processes, culture and values which direct and control the way in which we work and through which we account to, engage with and lead our communities.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) recommend that every Council has a local Code of Corporate Governance to ensure that we are accountable for the proper conduct of public business and that we review the effectiveness of our arrangements

2. Why we do it

- 2.1 The way in which Warwickshire County Council is 'governed', determines our output and performance. It determines our ability to realise our vision.
- 2.2 Good governance can lead to good management, good performance, good stewardship of public money, good public engagement and good outcomes for the citizens and service users of Warwickshire.
- 2.3 Good governance is about delivery on our promise to make a real and lasting difference to the wellbeing of the people living in Warwickshire and it is about doing that in a timely, inclusive, open, honest and accountable manner.

3. Our Values

- 3.1 Warwickshire County Council is committed to doing the right thing, to delivering the priorities of local people, improving their quality of life and making a real difference to their communities. Working together, we aim to make a real and lasting difference to the wellbeing of people living in Warwickshire.
- 3.2 In working towards realising our vision, we are committed to the following values, which underpin all our activities;
 - Leading the way;
 - Working together;
 - Openness and honesty;
 - Listening to people;
 - Caring, supporting and respecting;
 - Aiming for excellence;
 - Holding our decision making and stewardship to account;
 - Pursing fairness, valuing both diversity and equality

4. How we do it and do it right

4.1 The CIPFA/ SOLACE Framework Delivering Good Governance in Local Government sets out six core principles on which effective governance should be built;

1. *Focusing on the purpose of the Council, on implementing our vision for the local area and on outcomes for the community;*
2. *Ensuring members and officers work together, with partners, to achieve the Council's common purpose, with clearly defined functions and roles of members and officers;*
3. *Promoting the values of the Council and demonstrating those values by upholding high standards of conduct and behaviour;*
4. *Taking informed and transparent decisions which are subject to effective scrutiny and risk assessments;*
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*

4.2 To achieve this, the Council has developed this framework which ensures that these principles are fully integrated in the conduct of the Council's business as well as establishing a means of demonstrating compliance.

4.3 The Council can also demonstrate that the systems and processes in place are monitored for their effectiveness in practice and subject to review to ensure that they remain up to date.

4.4 The way in which each of the six core principles of good governance is put into practice by the Council is set out below;

<p>1. <i>The Council aims to focus on the purpose of Warwickshire County Council, on implementing our vision for the local area and on outcomes for the community</i></p>
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To achieve this the Council will;

- Lead our communities by developing, promoting and keeping under review our purpose and vision for the area;
- Make sure we reflect our purpose and vision in Warwickshire's Local Area Agreement and our Corporate Business Plan and that we communicate this to our partners;
- Regularly tell our customers how we are performing;
- Assess and monitor the quality of our services;
- Identify and manage under-performance in service delivery;
- Make sure that we and the partnerships in which we are involved make the best use of our resources and deliver value for money;
- Respond positively to the findings and recommendations of all external reviews of our performance.

2. *Ensure members and officers work together, with partners, to achieve our common purpose, clearly define the functions and roles of members and officers*

To achieve this the Council will;

- Have rules setting out the relationship between members and officers;
- Clearly define the roles and responsibilities of the Cabinet and of other members and senior officers;
- Be clear and open about the payments made to members and officers and about how we manage that process;
- Make sure that we have robust mechanisms in place to set the Council's strategic direction and to monitor service delivery;
- Keep our scheme of delegated powers up to date;
- Make sure that the Chief Executive is responsible to the Council for all aspects of the operational management of the Council;
- Make sure that we have a Chief Finance Officer who is responsible to the Council for ensuring that we manage our finances effectively;
- Make sure that we have a Monitoring Officer who is responsible to the Council for ensuring that the Council follows agreed procedures and complies with all law and other relevant statements of good practice;
- Make sure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms and in consultation with the local community and key stakeholders;
- Make sure that when working in partnership, members and officers are clear about their roles and responsibilities, that the legal status of the partnership is clear and that representatives on the partnership are clear about the extent of their authority to bind the Council to partner decisions.

3. *Promote the values of Warwickshire County Council and demonstrate those values by upholding high standards of conduct and behaviour*

To achieve this the Council will;

- Make sure that members and officers lead by example by demonstrating high standards of conduct and creating a climate of openness, support and respect;
- Have in place formal codes of conduct defining expected standards of behaviour for members, staff and the Council's agents and partners;
- Have robust processes in place to ensure that members and staff are not influenced by prejudice, bias or conflicts of interest when carrying out Council business;
- Have robust processes in place to make sure that we are working to the highest ethical standards;
- Work to a set of values which reflect public expectations and are communicated to members, staff, the community and our partners;
- Have an effective and independent audit and standards committee;
- Use our values to guide our decision-making and to develop positive and trusting relationships within the Council;
- Make sure that the partnerships in which we are involved work to the highest standards of behaviour .

4. *Ensure the taking of informed and transparent decisions, which are subject to effective scrutiny and risk assessments*

To achieve this the Council will;

- Be rigorous and transparent about how decisions are taken;
- Maintain an effective scrutiny function and act on the outcome of their reviews;
- Record the reasons for our decisions and document the supporting evidence;
- Maintain effective arrangements to protect members and officers against conflicts of interest;
- Make sure that we have open, effective and accessible arrangements for dealing with complaints;
- Make sure that those making decisions are provided with relevant, timely and clear information;
- Make sure that professional advice on matters that have legal or financial implications is given in advance of decision making;
- Manage risks that affect the delivery of our services;
- Make sure that our arrangements for whistle-blowing are effective, kept up to date and are accessible by all;
- Work within the law.

5. *Develop the capacity and capability of members and officers to be effective*

To achieve this the Council will;

- Ensure that the Chief Executive, the Monitoring Officer and the Chief Finance Officer have the skills, knowledge, experience, support and resources they need to perform their roles effectively and that those roles are properly understood;
- Assess and develop the skills that members and officers need to improve performance and to perform their roles effectively;
- Provide appropriate training for all members and officers;
- Review the performance of members and address any training or development needs that emerge;
- Ensure that career structures are in place for members and officers.

6. *Engage with local people and other stakeholders to ensure robust public accountability*

To achieve this the Council will;

- Actively and effectively engage in appropriate ways with all sections of the community;
- Effectively engage with local people and all relevant local stakeholders and partners when carrying out scrutiny exercises;
- Produce an annual report on the activity of the scrutiny function;

- Develop constructive accountability relationships with our stakeholders and partners;
- Make sure that our staff and the communities we serve are aware who the Council is accountable to and for what;
- Make sure that clear and effective channels of communication are in place with all sections of the community and our stakeholders;
- Hold meetings in public unless there are good reasons for confidentiality;
- Have a consultation strategy which clearly sets out the types of issue on which we will consult the public and service users;
- Annually publish information on our vision, strategy, plans, financial statements, outcomes, achievements and customer satisfaction;
- Make sure that the Council is open, transparent and accountable to the community, service users and its staff;
- Have a clear policy on how staff and their representatives are consulted and involved in decision making;

5. Arrangements for checking we have done the right thing in the right way

5.1 The Council has put in place the arrangements set out below to review the effectiveness of the Code of Corporate Governance.

5.2 The Council;

- is responsible for approving key corporate governance documents and policies;
- has appointed an executive portfolio holder whose responsibilities include corporate and community governance and law and probity;
- appoints an Audit and Standards Committee which includes independent members;
- considers the Council's annual governance statement;
- receives annual reports on the effectiveness and impact of scrutiny.

5.3 The Audit and Standards Committee;

- is responsible for maintaining and promoting high standards of conduct and for compliance issues;
- monitors operation of the Members' Code of Conduct;
- assesses the effectiveness of the Council's control environment, risk management and corporate governance arrangements and monitoring performance in relation to any action required;
- has an independent Chair;
- receives the results of the corporate governance audit and other audits.

5.4 The Cabinet;

- includes an executive portfolio holder whose responsibilities include corporate and community governance and law and probity;
- is responsible for approving the Council's corporate governance action plan;
- monitors progress against the action plan;
- approves amendments to the Code of corporate governance.

5.5 Overview and Scrutiny Committees;

- Receive regular performance reports;
- Report annually to full Council on the effectiveness of scrutiny;
- Monitor performance of the Council to identify areas for improvement;
- Publish the outcomes of their reviews in relevant Council publications.

5.6 Internal Audit and Risk Management;

- Undertakes risk based reviews of internal controls;
- Gives opinions on the standards of internal control as part of the audit process;

- Provides assurance on the standards of the Council's internal control arrangements;
- Undertakes an annual review of the effectiveness of internal control, including corporate governance.;
- Provides advice on managing risks.