

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 17 MARCH 2008

REPORT OF CORPORATE GOVERNANCE DIRECTOR

Governance Code of Taunton Deane Borough Council

1. What is Corporate Governance?

Governance is about how the Council ensures 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 - together with the cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.

Organisations with good corporate governance have the capacity to maintain high quality services and to deliver improvement. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

This Code is drawn from the CIPFA/SOLACE Guidance “*Good Governance in Local Government - A Framework*” which replaces and is more comprehensive than the previous guidance issues in 2001

2. Principles of Good Corporate Governance

Within the CIPFA/SOLACE Guidance, Six Principles of Corporate Governance are defined against which we need to judge the Council’s arrangements. These are:-

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area - **Community Focus**
2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles – **Service Delivery Arrangements**
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour - **Standards of Conduct**
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk – **Effective decision making**

5. Developing the capacity and capability of members and officers to be effective **Capacity and capability**;
6. Engaging with local people and other stakeholders to ensure robust public accountability - **Accountability**

This Good Governance Code sets out the six core principles and against each outlines the approach that the Council is committed to achieve those principles and the actions that we need to take.

The Code goes on to highlight those areas where the Council plans to focus its attention so as maintain (or attain) these standards in the future. When fully developed these items will be picked up in an action plan attached to the Code which will then be updated on a regular basis.

3. Why do we need a Code?

The Code is designed to:-

- Show how Taunton Deane meets these principles of good governance
- Form the basis of our *Annual Governance Statement* (“AGS”)
- Act as the baseline for our action plan aimed at improving our arrangements for good corporate governance.
- Raise awareness both within and the Council and our community of the importance that we attach to corporate governance
- Act as a marker against which we can monitor our progress

A draft Code of Corporate Governance is attached at Appendix A.

By the Council approving this Good Governance Code, this will operate as a commitment that it will be upheld by its members, staff, partners and stakeholders. The Code will also be published on the Council's website.

4. What is the Annual Governance Statement (AGS)?

The Annual Governance Statement (AGS) is published annually by the Council. It is a comprehensive statement signed by the Leader and Chief Executive and sets out to account for the current quality of our governance arrangements. It also openly highlights those aspects to which we still need to pay especial attention over the coming year.

5. Annual Review of Corporate Governance Arrangements

In addition to having such a local Code of Governance, the Accounts and Audit Regulations now require every council to produce an Annual Governance Statement (“AGS”) (which replaces the Statement of Internal Control). This is a comprehensive statement signed by the Leader and Chief Executive and aims to account for the current quality of our governance arrangements. It also openly highlights those aspects to which we still need to pay especial attention over the coming year

In order to produce the AGS, there will need to be a formal annual review of our governance arrangements so as to provide assurance that they are adequate and operating effectively or to identify actions needed to be taken so as to ensure effective governance in the future.

6. What happens now?

Assuming that the Council agrees to adopt the Code, work will then start through a corporate review team of officers and members in testing our systems against this framework over the next few months. This will result in a report to CMT and to the Corporate Governance Committee in June together with a draft of the AGS. In future years, this Committee will have the lead role as part of what will be an ongoing review and it will receive reports on progress made in the improvement of our governance arrangements and on any weaknesses found

7. Recommendation

The Committee is therefore asked to recommend Council to:-

- adopt the attached Code of Governance,
- authorise this Committee to
 - agree the Council's future Annual Governance Statements
 - regularly monitor our effectiveness against the Code

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10 March 2008 (jjt/apf)

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TAUNTON DEANE BOROUGH COUNCIL – GOVERNANCE CODE

Principle 1
 Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area

	Our commitment:-	How will we do that?
1.1	Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users.	Develop and promote the Council's purpose and vision.
		Review on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements.
		Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners. Publish an Annual Report on a timely basis to communicate the Council's activities and achievements, its financial position and performance.
1.2	Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning	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
		Put in place effective arrangements to identify and deal with failure in service delivery
1.3	Ensuring that the Council makes best use of resources and that tax payers and service users receive excellent value for money.	Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively
		Measure the environmental impact of policies, plans and decisions

Principle 2
Members and officers working together to achieve a common purpose with clearly defined functions and roles.

	Our commitment:-	How will we do that?
2.1	Ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.	<p>Set out a clear statement of the respective roles and responsibilities of the Executive and of the Executive's members individually and the Council's approach towards putting this into practice.</p> <p>Set out a clear statement of the respective roles and responsibilities of other Council Members, Members generally and of senior officers.</p>
2.2	Ensuring that a constructive working relationship exists between Council Members and Officers and that the responsibilities of Members and Officers are carried out to a high standard	<p>Determine a scheme of delegation and reserve 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.</p> <p>Make a Chief Executive or equivalent responsible and accountable to the Council for all aspects of operational management.</p> <p>Develop protocols to ensure that the Leader and Chief Executive (or equivalents) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained</p> <p>Make a senior Officer (usually the Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with</p>
2.3	Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.	<p>Develop protocols to ensure effective communication between Members and Officers in their respective roles</p> <p>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 (if applicable).</p> <p>Ensure that effective mechanisms exist to monitor service delivery</p>

Principle 3
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

	Our commitment:-	How will we do that?
3.1	Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	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 aCouncil, its partners and the community are defined and communicated through Codes of Conduct and Protocols.
		Put in place arrangements to ensure that Members and employees 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.
3.2	Ensuring that organizational values are put into practice and are effective.	Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with Members, staff, the community and partners.
		Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.
		Develop and maintain an effective Standards Committee.
		Use the organisation'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. Such values must be demonstrated by partners' behaviour both individually and collectively.

Principle 4
**Taking informed and transparent decisions which are subject to effective scrutiny
and management risk**

	Our commitment:-	How will we do that?
4.1	Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.	Develop and 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.
		Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
		Put 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.
		Develop and maintain an effective Corporate Governance Panel which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a Committee
		Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints
4.2	Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	Ensure that those making decisions whether for the Council or the 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 proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately
4.3	Ensuring that an effective risk management system is in place.	Ensure that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their jobs

		Ensure that effective arrangements for whistle-blowing are in place to which Officers, staff and all those contracting with or appointed by the Council have access.
4.4	Using their legal powers to the full benefit of the citizens and communities in their area.	Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine, but also strive to utilise their powers to the full benefit of their communities
		Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on Councils by public law.
		Observe all specific legislative requirements placed upon them, 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 their procedures and decision making processes

Principle 5
Developing the capacity and capability of members and officers to be effective

	Our commitment:-	How will we do that?
5.1	Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles.	Provide induction programmes tailored to individual needs and opportunities for 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 Council
5.2	Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.	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

		Executive as a whole and of individual Members and agreeing an action plan which might, for example, aim to address any training or development needs.
5.3	Encouraging new talent for membership of the Council so that best use can be made of individuals' skills and resources in balancing continuity and renewal.	Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council. Ensure that career structures are in place for Members and Officers to encourage participation and development.

Principle 6
Engaging with local people and other stakeholders to ensure robust public accountability

	Our commitment:-	How will we do that?
6.1	Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.	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.
6.2	Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning.	Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and 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.
		On an annual basis, publish a performance 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 the 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.
6.3	Making best use of human resources by taking an active and planned approach to meet responsibility to staff.	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.