BURY METROPOLITAN BOROUGH COUNCIL

CODE OF CORPORATE GOVERNANCE
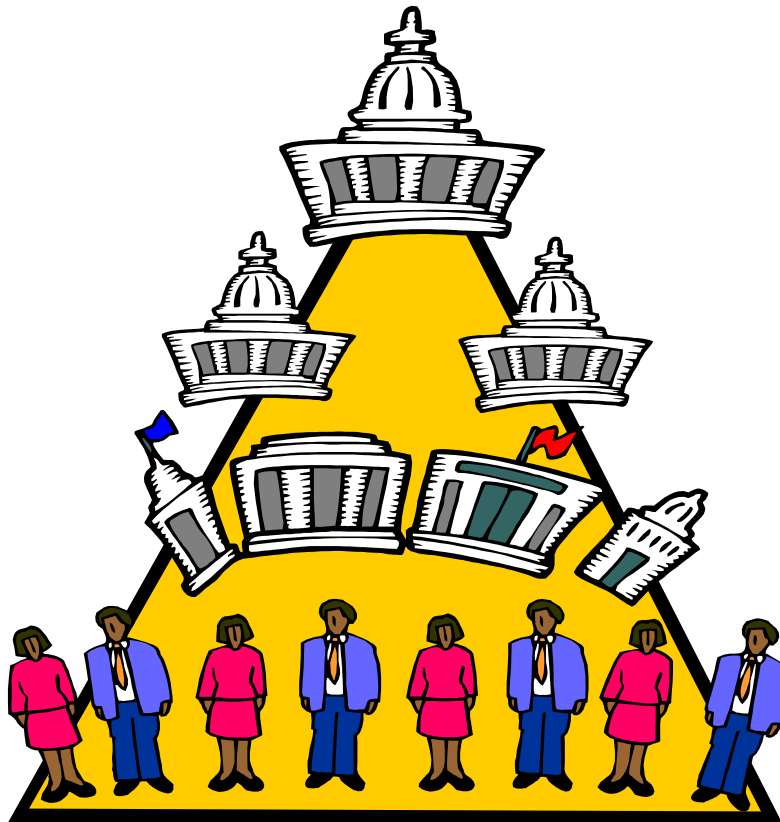
CODE OF CORPORATE GOVERNANCE

1.0 INTRODUCTION

1.1 Bury MBC 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.

1.2 To this end the authority has approved and adopted this Code of Corporate Governance which has been reviewed and updated in accordance with the principles and requirements of the CIPFA/SOLACE Consultation Draft *"Good Governance in Local Government : A Framework"*.
(Note: CIPFA is the Chartered Institute of Public Finance and Accountancy; SOLACE is the Society of Local Authority Chief Executives and Senior Managers)

1.3 Governance comprises the systems and processes for the direction and control of local authorities through which they account to, engage with and lead their communities. The function of governance is to ensure that authorities, other local government organisations, or connected partnerships fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner.

1.4 The CIPFA/SOLACE revised Framework builds on recent governance work in both the public and private sectors and in particular *"The Good Governance Standard for Public Services"* drawn up by the Independent Commission on Good Governance in Public Services (the Langlands Commission). The six core principles from the Good Governance Standard have been adapted for the local government context, and form the basis of the framework:

1.5 Good governance means:

(i) 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

(ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles

(iii) Promoting the values of the authority and demonstrating the values of good governance through behaviour

(iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

(v) 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

(vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

2.0 ELEMENTS OF CORPORATE GOVERNANCE

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

2.1 **Core principle (i)**

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 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.

The authority will:

- make a clear statement of the authority's purpose and vision and use it as basis for corporate and service planning and shaping the Community Strategy and Local Area Agreement
- review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements
- publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance
- 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. The authority will ensure that this information is reflected in the Bury Plan, the Financial Strategy and other resourcing plans in order to ensure improvement
- decide how value for money is to be measured and make sure that the information needed to review value for money and performance effectively is available. The authority will also ensure that the results are reflected in the Bury Plan, in service plans and in reviewing the work of the authority
- put in place effective arrangements to deal with failure in service delivery
- 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
  — the driver for deciding what services will be provided by or commissioned by the partnership, the quality and the cost.

2.2 Core principle (ii)

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.

The authority will:

- set out a clear statement of the respective roles and responsibilities of the Executive and of the Executive's members individually and the authority's approach towards putting this into practice
- set out a clear statement of the respective roles and responsibilities of other Members, Members generally and of senior officers
- develop protocols to ensure effective communication between Members and officers in their respective roles
- develop 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
- 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 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
- 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 representatives or organisations make clear to all other partners the extent of their authority to bind their organisation to partner decisions
- ensure that effective mechanisms exist to monitor service delivery
- determine a scheme of delegated and reserved powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required
- ensure that effective management arrangements are in place at the top of the organisation
- make the Chief Executive responsible and accountable to the authority for all aspects of operational management

- make the Director of Finance and E Government responsible to the authority 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 / Director of Legal and Democratic Services responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.

2.3 Core principle (iii)

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.

The authority will:

- develop and maintain shared values including leadership values both for the organisation and its staff reflecting public expectations about the conduct and behaviour of individuals and groups within and associated with the authority
- use the authority's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority
- develop and adopt formal Codes of Conduct defining the standards of personal behaviour
- develop and 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
- put in place arrangements to ensure that Members and employees of the authority 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
- put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and to monitor continuing compliance in practice
- in pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values will be 'alive' and demonstrated by partners' behaviour both individually and collectively.

2.4   Core principle (iv)

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.

The authority will:

- develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall
- 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 so that conflicts of interest on behalf of Members and officers can be avoided and put in place appropriate processes to ensure that they continue to operate in practice
- put in place arrangements for whistle blowing to which staff and all those contracting with the authority have access
- put in place effective transparent and accessible arrangements for dealing with complaints
- develop and maintain an effective Audit Committee which is independent of the Executive and the scrutiny function
- develop and maintain an effective Standards Committee which lies at the heart of decision making and awareness raising on standards issues
- ensure that those making decisions are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications
- develop and maintain effective arrangements for determining the remuneration of senior staff
- 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
- ensure that risk management is embedded into the culture of the authority, with Members and managers at all levels recognising that risk management is part of their job
- 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

- observe all specific legislative requirements, as well as the requirements of general law, and in particular will integrate the key principles of administrative law – rationality, legality and natural justice into procedures and decision making
- when working in partnership, put in place protocols for working together which include a shared understanding of respective roles and responsibilities of each organisation
- when working in 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
- 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
    — risk is managed at a corporate and operational level.

2.5 Core principle (v)

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.

The authority will:

- assess the skills required by Members and officers and make a commitment to develop those skills to enable roles to be carried out effectively
- 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
- provide induction programmes tailored to individual needs and opportunities for Members and officers to update their knowledge on a regular basis
- 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
- put in place arrangements 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
- 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 authority

- consider career structures for Members and officers to encourage participation and development
- 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 availability of the capacity and capability of the partnership and partners
  — develop an effective plan for addressing any gaps.

2.6   Core principle (vi)

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.

The authority will:

- make clear to themselves, all staff and the community, to whom they are accountable and for what
- consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required
- 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
- put in place arrangements to enable the authority to engage with all sections of the community effectively. These arrangements will recognise that different sections of the community have different priorities and there will be explicit processes for dealing with these competing demands
- establish a clear policy on the types of issues they will meaningfully consult or engage with the public and service users including a feedback mechanism for those consulted
- on an annual basis, publish a performance plan giving information on the authority'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
- 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
- develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

- produce an annual report on scrutiny function activity
- ensure that the authority 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
- when working in partnership, ensure that engagement and consultation undertaken by the partnership is planned with regard to methodology, target audience and required outcomes. Existing mechanisms and groups should be used where appropriate. In the work cycle of the partnership it must be clear and demonstrable to the public what has happened to any feedback and what has changed as a result.

3.0   MONITORING AND REPORTING

3.1   The authority will undertake regular, at least 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 Committee and externally with the published accounts, to provide assurance that:

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

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

3.3   The Governance Statement will include the following information:

- an acknowledgement of responsibility for ensuring there is a sound system of governance, including in particular the system of internal control
- an indication of the level of assurance that the systems and processes that comprise the authority's governance arrangements can provide
- a brief description of the key elements of the governance arrangements
- a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of: the authority; the Executive; the Audit Committee; the overview and scrutiny function; the Standards Committee; internal audit and other explicit review/assurance mechanisms including risk management arrangements
- an outline of the actions taken, or proposed, to deal with significant governance and internal control issues.

3.4   The authority recognises that the Governance Statement should cover all significant corporate systems, processes and controls, spanning the whole range of the authority's activities, including in particular those designed to ensure:

- the authority's policies are put into place
- the authority's values are met
- laws and regulations are complied with
- required processes are adhered to
- financial statements and other published information are accurate and reliable
- human, financial and other resources are managed efficiently and effectively
- high quality services are delivered efficiently and effectively.

3.5   It will therefore cover performance issues – good governance promotes good service but poor service performance reflects a failure of governance.

3.6   It is accepted that approval and ownership of the Governance Statement should be at a corporate level and should be confirmed by the Chief Executive and Leader signing the statement on behalf of the authority.

3.7   In reviewing and approving the Governance Statement, Members will be provided with assurances on the effectiveness of the governance framework, and in particular the system of internal control, and how these address the key risks faced by the authority. Those assurances will be available from a wide range of sources, including internal and external audit, a range of external inspectorates and managers from across the authority. Management will provide the primary source of assurance. However, an effective internal audit function will also be a significant source of assurance.

3.8   The authority 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.

4.0   RESPONSIBILITIES

4.1   The Monitoring Officer / Director of Legal and Democratic Services will be responsible for:

- overseeing the implementation and monitoring of the Code;
- reviewing the operation of the Code;
- reporting annually to the Standards Committee on compliance with the Code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.
- preparing an annual Monitoring Officer's Report, which will also form part of the assurance required to be demonstrated in the annual Statement on Internal Control.

4.2   The Director of Finance and E Government will be responsible for:

- reviewing the Code annually, to provide assurance on the adequacy and effectiveness of the Code and the extent of compliance with it. Details of the extent to which the authority is complying with the Code will be included within the annual Statement of Accounts, the Best Value Performance Plan, and the annual Statement on Internal Control.

4.3   The Head of Internal Audit will be responsible for:

- reporting annually to the Audit Committee on audit activities during the year, with particular emphasis on the systems of internal control and the arrangements for corporate governance, providing some of the assurance required in the annual Statement on Internal Control.

4.4   The Head of Strategic Finance will be responsible for:

- co-ordinating, throughout the year, the Council's internal control assurances, including reporting regularly to Management Board and Audit Committee, and culminating in the annual Statement on Internal Control.
- co-ordinating the production of an annual Statement on Internal Control, in accordance with the Accounts and Audit Regulations 2003, which will represent the overall levels of assurance within the Council on behalf of all Members and officers.