



REPORT OF:	CORPORATE MANAGEMENT TEAM
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TO:	EXECUTIVE
DATE:	27TH MARCH 2008
EXECUTIVE MEMBER:	COUNCILLOR DR. L.R. HACK

AGENDA ITEM NO:	7	KEY DECISION REQUIRED:	NO
WARD(S) AFFECTED:	ALL		

SUBJECT:	CODE OF CORPORATE GOVERNANCE
RECOMMENDATION:	
To approve the Local Code of Corporate Governance for consultation with the Overview and Scrutiny and Standards Committees	
EXECUTIVE SUMMARY	
This report sets out a proposed Code of Corporate Governance for the Authority against which the Council's performance can be monitored and reported. The Code forms part of the best practice requirements of the Use of Resources Assessment.	

Executive has authority to determine the above recommendations.

STATUTORY POWERS

1. The preparation of the annual governance statement is necessary to meet the requirements set out in Regulation 4(2) of the Accounts and Audit regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 and the Statement should comply with the CIPFA/SOLACE guidance on the form on content of the statement.

GOOD GOVERNANCE IN LOCAL GOVERNMENT

2. All Councils operate a governance framework that brings together an underlying set of legislative requirements, governance principles and management processes. A Framework has been developed for good governance by CIPFA/SOLACE and is recommended to local authorities as a tool to review their governance arrangements against a number of key principles and report annually on their effectiveness in practice. This guidance is now enshrined in the revised Use of Resources assessment, which forms part of the new Comprehensive Area Assessment regime.

3. The Framework is based on six core principles of good governance and comprises best practice objectives intended to provide the basis for each Council to develop and maintain a local code of governance reflecting its size, functions and nature and to monitor its effectiveness.

REIGATE AND BANSTEAD LOCAL CODE OF CORPORATE GOVERNANCE

4. A Local Code of Corporate Governance based on the guidance referred to above is attached as Annex 1. The Code is very much a consolidation of current activities and arrangements in the Council and therefore most of the commitments are already in place.
5. The Code sets out the six core principles and a range of specific requirements the Council should comply with to demonstrate best practice. Authorities are expected to undertake regular, at least annual, reviews of their governance arrangements to ensure continuing compliance with the best practice set out in the Framework. It is suggested that this review should be reported to the Executive and Overview and Scrutiny Committee and externally with the published accounts to provide an assurance that:
 - governance arrangements are adequate and operating effectively in practice
 - where the review of governance arrangements have revealed gaps, action is planned that will ensure effective governance in future.
6. Responsibility for the operational aspects of governance rests with the Monitoring Officer and Heads of Finance & Procurement and Corporate Development. These Heads of Service are already developing an assessment of the current position and a proposed action plan and will report on this in September each year to this Executive, the Overview and Scrutiny and the Standards Committee. The Executive will also be asked to agree an Action Plan to address any gaps in the governance arrangements.

OPTIONS

7. It is open to the Executive to amend or adopt the code for consultation under the Policy Framework or to ask the Officers to undertake further work.

LEGAL IMPLICATIONS

8. There are no specific legal implications arising directly from the adoption of the Code. However, the adoption of one and its implementation will be a relevant considerations in assessing the Council under the new CAA regime.

FINANCIAL IMPLICATIONS

9. There are no financial implications arising directly from this report but the monitoring of the code and ensuring compliance will have resource implications.

CONSULTATION

10. The Overview and Scrutiny and Standards Committees will be consulted on the Code under the Policy Framework Rules.

POLICY FRAMEWORK

11. The Code is a Level 2 Document under the Policy Framework.

Background Papers: Published documents

REIGATE AND BANSTEAD BOROUGH COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE

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

The Council will:

- (a) develop and promote the authority's purpose and vision
- (b) review on a regular basis the authority's vision for the local area and its implications on the authority's governance arrangements
- (c) ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties
- (d) communicate the authority's:
 - ⇒ activities and achievements
 - ⇒ financial position and performanceto the community on a regular basis
- (e) decide how quality for service users is to be measured and make sure that the information needed to review service quality effectively and regularly, is available
- (f) put in place effective arrangements to identify and deal with failure in service delivery
- (g) 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.
- (h) 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

The Council will:

- (a) 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
- (b) set out a clear statement of the respective roles and responsibilities of other authority Members, Members generally and senior officers
- (c) determine a scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for the collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required

- (d) make a Chief Executive or equivalent responsible to the authority for all aspects of operational management
- (e) develop protocols to ensure that the Leader and Chief Executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained
- (f) make a senior officer (the s151 Officer) 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
- (g) make a senior officer (usually the Monitoring Officer) 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
- (h) develop protocols to ensure effective communication between Members and employees in their respective roles
 - (i) set out the terms and conditions of Members and employees and an effective process for managing the process, including an effective remuneration panel for recommending levels of Members Allowances.
 - (j) ensure that effective mechanisms exist to monitor service delivery
- (k) ensure that the organisation'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
- (l) 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 authority.
- (m) when working in partnership:
 - o ensure that there is clarity about the legal status of the partnership
 - o ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions

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

The Council will:

- (a) ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect
- (b) ensure that standards of conduct and personal behaviour expected of Members and employees, of work between Members and employees and between the authority its partners and the community are defined and communicated through codes of conduct and protocols.

- (c) 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.
- (d) develop and maintain shared values including leadership values for both the organisation and employees reflecting public expectations and communicate these with members, staff, the community and partners
- (e) put in place arrangements to ensure that systems and process are designed in conformity with appropriate ethical standards, and to monitor their continuing effectiveness in practice.
- (f) develop and maintain an effective Standards Committee
- (g) use the organisations shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority
- (h) 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 managing risk

The Council will:

- (a) Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible
- (b) develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based
- (c) 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
- (d) develop and maintain an effective audit committee (or equivalent) or make other appropriate arrangements for the discharge of the functions of such a committee
- (e) ensure that effective, transparent and accessible arrangements are in place for dealing with complaints
- (f) ensure that those making the decisions whether for the authority 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
- (g) 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

- (h) 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 jobs
- (i) ensure that arrangements are in place for whistle blowing to which employees and all those contracting with the council have access
- (j) actively recognise the limits of lawful authority placed on them, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities
- (k) 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
- (l) observe all specific legislative requirements placed on them, 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 processes and decision making processes

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

The Council will:

- (a) provide induction programmes tailored to individual needs and opportunities for Members and employees to update their knowledge on a regular basis
- (b) ensure that 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
- (c) assess the skills required by members and employees and make a commitment to develop those skills to enable roles to be carried out effectively
- (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
- (e) 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
- (f) 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 authority
- (g) ensure that career structures are in place for Members and employees to encourage participation and development

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

The Council will:

- (a) make clear to themselves, all employees and the community, to whom they are accountable and for what
- (b) consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required
- (c) produce an annual report on the activity of the scrutiny function
- (d) 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
- (e) hold meetings in public unless there are good reasons for confidentiality
- (f) ensure that arrangements are in place to enable the authority 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
- (g) 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
- (h) 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
- (i) 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 where it is proper and appropriate to do so
- (j) develop and maintain clear policy on how staff and their representatives are consulted and involved in decision making.