



CHELTENHAM

BOROUGH COUNCIL

Code of Corporate Governance

Audit Committee Approved Version April 2016

1. Introduction

What do we mean by Governance?

Governance is about how we ensure that we are doing the right things, in an open, honest and accountable manner.

Good governance comprises the systems, processes, cultures and values we follow so that we can pursue our vision and objectives effectively, while minimising the risks involved. At Cheltenham, we aim to meet the standards of the best and ensure that our governance arrangements are sound.

Good Governance runs through every level of the organisation, it must be owned by all stakeholders, including senior management and members. It forms the essential core values of the Council and should remain embedded in the culture of the council.

Delivering Good Governance

Good governance is important to all officers and members of this Council. It is a key responsibility of our Leader, our ~~Chief Executive~~Head of Paid Service, the Cabinet, the Senior Leadership Team ~~and the full~~ Council and, in particular the Audit Committee who are responsible for monitoring and providing assurance on our governance arrangements.

The council has in place a process of continual review of its internal control arrangements. The Principles of Good Governance are embedded into the Constitution of the Council, Good Corporate Governance underpins credibility and confidence in the Council and this Code of Corporate Governance promotes accountability, effectiveness, openness, integrity and inclusivity in all of our business.

This Code, the systems that support it and the overall Corporate Governance arrangements are all subjected to an annual audit inspection by the Councils external auditors.

This Local Code also provides a mechanism for the continued development of Corporate Governance arrangements, summarising the principles and how this Council will comply with the Corporate Governance Framework, with Risk Management and with Performance Management.

Testing Our Arrangements

We test our arrangements by:

- Annually reviewing the local code of governance.
- Regular review of our existing governance arrangements against this code.
- Preparing an annual governance statement in order to report publicly on compliance with this code, over the past year.
- Reporting any planned governance changes in the coming period.

In order to review our current arrangements, we:

- Collect assurance statements from Directors on compliance with policies, systems, processes.
- Ensure management and reporting arrangements are in place to monitor governance effectiveness.
- Identify the issues that have not been addressed adequately and consider how they should be addressed.
- Prepare a Significant Issues Action Plan to address issues.
- Ensure appropriate risk and performance management arrangements are in place and are operating effectively.
- Ensure systems of control are working effectively through challenge by Internal Audit.

Background

The Principles of Conduct

There are seven Principles of Public Life which form an important part of the Governance Framework for Members, Officers and partners.

The principles of conduct are:-

- **Selflessness:** Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.
- **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- **Objectivity:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

- **Openness:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and actions and restrict information only when the wider public interest clearly demands.
- **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership:** Holders of public office should promote and support these principles by leadership and example.

Cheltenham Borough Council's Member Code of Conduct

This Council's Code of Conduct incorporates the principles outlined above and also covers:

- General principles in relation to behaviour and equal treatment of people.
- Confidentiality and openness - the treatment of confidential information and access to information
- Criminal offences and bringing the authority into serious disrepute.
- The prohibition of members from using their office/position to obtain advantage or from using local authority resources for the benefit of political parties.
- Compliance with key policies.
- Decision making - the requirement for members to act reasonably.
- Disclosable Pecuniary Interest - restrictions on participation in meetings by members with an interest in matters under consideration.
- The registration of members' interest - and gifts and/or hospitality received.
- Other significant interest.

Code of Conduct for all employees

Every employee has to acknowledge that they have read and understood this Code of Conduct which incorporates the principles outlined above and also covers:

- Corruption
- Criminal Charges, Convictions and Misconduct
- Reporting Breaches of the Code and Whistleblowing
- Line manager responsibilities,
- All employees have to make an annual declaration of Interest to meet the requirements of section 117 of the Local Government Act.

How do we use the Core Governance Principles to maintain our Code of Corporate Governance?

Development of the Principles of Governance

In 2007 the CIPFA/SOLACE joint working group issued a framework based upon six Core Governance principles this was called Delivering good Governance in Local Government. This was aimed at helping Local Authorities develop and maintain their own codes of governance.

Those six core governance principles are to:-

1. focus on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
2. ensure that Members and Officers work together to achieve a common purpose with clearly defined functions and roles;
3. promote the values of good governance through upholding high standards of conduct and behaviour;
4. take informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. develop the capacity and capability of members and officers to be effective; and
6. engage with local people and other stakeholders to ensure robust public accountability.

Core Governance Principles

The Council can demonstrate how it complies with these six core principles through a range of specific policies, guidance and internal controls.

2. Compliance with the Six Principles

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

To support the requirements of this principle the Council is committed to undertaking the following:-

| In order to exercise strategic leadership the Council will:- | This will be achieved through:- |
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| <ul style="list-style-type: none"> • Develop and promote the authority's <u>vision</u>, ambition, key priorities and values. • Review on a regular basis the authority's <u>vision</u>, ambition 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. • Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance. | <ul style="list-style-type: none"> ➤ <u>Identify review and communicate the authority's vision by consulting with elected Members service users and citizens</u> ➤ Corporate Strategy and annual action plan ➤ People <u>and Organisation Development</u> Strategy ➤ Annual Performance Report ➤ Cheltenham Partnership annual action plan |
| In order to ensure users receive quality services whether directly, in partnership or by commissioning the Council will:- | This will be achieved through:- |
| <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> ➤ Corporate Strategy and annual action plan ➤ Commissioning Protocol ➤ Annual Performance Report and quarterly updates to SLT ➤ Appropriate governance frameworks i.e. Limited company, trust or mutual ➤ Effective client management arrangements |
| In order to ensure the Council makes best use of resources and that taxpayers and service users receive excellent value for money the Council will:- | This will be achieved through:- |

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| <ul style="list-style-type: none"> • Decide how value for money is to be measured and make sure that the authority or any partnership arrangements which the authority has made, has the information needed to review value for money and performance effectively. • Measure the environmental impact of policies, plans and decisions. | <ul style="list-style-type: none"> ➤ Undertake budget consultation exercises ➤ Procurement Strategy ➤ Medium Term Financial Plan ➤ Corporate strategy objectives ➤ Analysing complaints against its decisions |

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

To support the requirements of this principle the Council is committed to undertaking the following:-

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| In order to ensure effective leadership throughout the organisation the Council will: - | This will be achieved through:- |
| <ul style="list-style-type: none"> • Set out a clear statement of the respective roles and responsibilities of Members both in terms of committee and individual responsibilities and the authority's approach towards putting this into practice. • Set out a clear statement of the respective roles and responsibilities of senior officers. • Establish clear roles and responsibilities for the Scrutiny Committee. | <ul style="list-style-type: none"> ➤ Local Code of Conduct for Members and Co-opted Members ➤ Code of Conduct for Officers ➤ Constitution ➤ Terms of reference for Committee ➤ Terms of reference for the Inter-authority agreement/Shared Service Partnerships ➤ Protocol for Member/Officer Relations ➤ People and Organisation Development Strategy ➤ Commissioning Protocol ➤ Job specifications and descriptions ➤ Effective and relevant training |

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| <p>In order to ensure a constructive working relationship exists between members and officers the Council will: -</p> | <p>This will be achieved through:-</p> |
| <ul style="list-style-type: none"> • Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision <u>of within</u> the authority taking account of relevant legislation and ensure that it is monitored and updated when required. • Make the Chief Executive <u>Head of Paid Service</u> responsible and accountable to the authority for operational management in the role as Head of Paid Service. • Develop protocols to ensure that the Leader and Chief Executive <u>Head of paid Service</u> negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained. • Make the Section 151 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. • Make the Monitoring Officer responsible to the authority for ensuring <u>that agreed procedures are followed and that all applicable UK and EU statutes and regulations are complied with</u> <u>lawfulness and fairness of decision making</u>. | <ul style="list-style-type: none"> ➤ Member/Officer Protocol ➤ Scheme of Delegation to Officers ➤ Constitution ➤ Terms of reference for the Head of Paid Service ➤ Defined functions for the Section 151 Officer ➤ Constitution and Financial regulations ➤ Defined Functions for Monitoring Officer <u>in Constitution</u> |
| <p>In order to ensure its relationships with its partners and the public are clear, the Council will:-</p> | <p>This will be achieved through:-</p> |
| <ul style="list-style-type: none"> • Develop protocols to ensure effective communication between members and officers in their respective roles. • Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective job evaluation process for officers' remuneration and a remuneration panel for members. • Ensure that effective mechanisms exist to monitor service delivery. • Ensure that its ambition, 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. | <ul style="list-style-type: none"> ➤ Member/Officer Protocol ➤ Members Allowances Scheme ➤ Terms and Conditions of Employment for employees ➤ Pay and grading framework ➤ Performance Appraisal process for employees ➤ Disciplinary and Grievance Procedures ➤ Performance Management Framework ➤ Consultation Strategy |

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| <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> ➤ Development Plan ➤ Debt Management Policy ➤ HB/CTB Overpayments policy |
| <ul style="list-style-type: none"> • When working in partnership: <ul style="list-style-type: none"> - ensure that there is clarity about the legal status of the partnership - 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. | <ul style="list-style-type: none"> ➤ Commissioning Protocol ➤ Commissioning toolkit ➤ Legal agreements between each party |

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

To support the requirements of this principle the Council is committed to undertaking the following:-

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| <p>In order to ensure members and officers exemplify good standards of conduct the Council will:-</p> | |
| <ul style="list-style-type: none"> • Ensure that the authority'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 authority, its partners and the community are defined and communicated through codes of conduct and protocols • Put in place arrangements to ensure that members and staff 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 | <ul style="list-style-type: none"> ➤ Counter-Fraud and Corruption Strategy ➤ Whistle-Blowing Policy ➤ Staff Satisfaction Surveys ➤ Local Code of Conduct for Members ➤ Code of Conduct for all employees ➤ Register of Member Interests and Gifts and Hospitality ➤ Declaration of Members interests ➤ Registers of Officers Interests ➤ Register of Gifts, Hospitality and Sponsorship |

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| | <ul style="list-style-type: none"> ➤ Equality Policy ➤ Safeguarding policy Handbook |
| In order to ensure organisational values are put into practice the Council will:- | |
| <ul style="list-style-type: none"> • Develop and maintain, articulate and communicate corporate and leadership values both for the organisation and staff, reflecting public expectations and communicate these with members, staff, the community and partners. • Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice. • Develop and maintain an effective standards committee. | <ul style="list-style-type: none"> ➤ Corporate values ➤ 5 year Corporate Plan ➤ Annual Action Plan ➤ Constitution ➤ Terms of Reference of the Standards Committee ➤ People and Organisation Development Strategy ➤ Organisational competencies |
| <ul style="list-style-type: none"> • Use its corporate values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority. • 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. | <ul style="list-style-type: none"> ➤ Corporate values ➤ Commissioning Protocol |

Comment [JMc]: Bryan – do we have one?

Principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

To support the requirements of this principle the Council is committed to undertaking the following:-

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| In being rigorous and transparent about how decisions are taken the Council will:- | This will be achieved through:- |
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| <ul style="list-style-type: none"> • Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council’s performance overall and the performance of any organisation which it scrutinises • 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 staff against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice. • Put in place effective transparent and accessible arrangements for dealing with complaints | <ul style="list-style-type: none"> ➤ Overview and Scrutiny Procedure Rules ➤ Agendas and Minutes ➤ Access to Information Procedure Rules ➤ Guidance on decision making and recording of decisions ➤ Registers of Member Interests and Gifts and Hospitality ➤ Register of Officer decisions ➤ Registers of Officers Interests ➤ Register of Gifts, Hospitality and Sponsorship ➤ Complaints Procedures ➤ Freedom of Information ➤ Publication scheme ➤ Transparency Policy ➤ Terms of Committee Reference ➤ Promotion of Openness and Honesty Culture |
| <p>In order to ensure the Council has good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs it will:-</p> | <p>This will be achieved through:-</p> |
| <ul style="list-style-type: none"> • Ensure that those making decisions whether for the authority or a 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 | <ul style="list-style-type: none"> ➤ Committee reporting guidelines ➤ Consultation with finance, HR and legal built into report template |
| <p>In order to ensure there is an effective system of risk management the Council will:-</p> | <p>This will be achieved through:-</p> |

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| <ul style="list-style-type: none"> • Ensure that risk management is embedded into the culture of the organisation, with members and managers at all levels recognising that risk management is part of their job • Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the authority have access. | <ul style="list-style-type: none"> ➤ Risk Management Policy ➤ Business Continuity Strategy ➤ Counter-Fraud and Corruption Strategy ➤ Whistle-Blowing Policy ➤ Promotion of Openness and Honesty Culture |
| <p>In order to use its legal powers for the full benefit of the community the Council will:-</p> | <p>This will be achieved through:-</p> |
| <ul style="list-style-type: none"> • Actively recognise the limits of lawful activity placed on them by, for example the ultra vires doctrine but also strive to utilise 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 local authorities 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 its procedures and decision making processes. | <ul style="list-style-type: none"> ➤ Constitution ➤ Corporate Strategy and annual action plan ➤ Medium Term Financial Strategy ➤ Defined roles and responsibilities for the Head of Paid Service ➤ Defined roles and responsibilities for the section 151 officer ➤ Defined roles and responsibilities for the Monitoring Officer |

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

To support the requirements of this principle the Council is committed to undertaking the following:-

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| <p>In order to make sure members and officers have the necessary skills and resources the Council will:-</p> | <p>This will be achieved through:-</p> |
| <ul style="list-style-type: none"> • Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis. | <ul style="list-style-type: none"> ➤ Members induction and training programme ➤ Corporate Appraisal scheme |

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| <ul style="list-style-type: none"> • 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 organisation. | <ul style="list-style-type: none"> ➤ Personal Development Plans ➤ Annual Budget |
| <p>In order to develop the capability of people with governance responsibilities the Council will:-</p> | <p>This will be achieved through:-</p> |
| <ul style="list-style-type: none"> • 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 authority as a whole and agreeing an action plan which might for example aim to address any training or development needs | <ul style="list-style-type: none"> ➤ Commissioning Protocol ➤ Members induction and training programme ➤ Self assessments of committee effectiveness ➤ Annual Performance Report and quarterly updates to SLT ➤ Prince project methodology includes performance review ➤ Lessons learnt exercises carried out following significant projects |
| <p>In order to encourage new members of the authority the Council will:-</p> | <p>This will be achieved through:-</p> |
| <ul style="list-style-type: none"> • 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. • Ensure that support is in place for members and officers to encourage participation and development. | <ul style="list-style-type: none"> ➤ The Cheltenham Partnership ➤ Elected Members development plan ➤ Briefing Seminars |

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

To support the requirements of this principle the Council is committed to undertaking the following:-

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| <p>In order to exercise leadership through a robust scrutiny function the Council will:-</p> | <p>This will be achieved through:-</p> |
| <ul style="list-style-type: none"> • Make clear to all stakeholders and the community to whom it is accountable and for what. • Consider those institutional stakeholders to whom it is accountable and assess the effectiveness of the relationships and any changes required. • Produce an annual report on scrutiny function activity. | <ul style="list-style-type: none"> ➤ Constitution ➤ Complaints Procedures ➤ Freedom of Information requests ➤ Counter Fraud, Corruption and Bribery Policy ➤ Whistle-Blowing Policy ➤ External and Internal Audit reports ➤ Commissioning Protocol |
| <p>In order to take an active approach to dialogue with accountability to the community, it will ensure effective and appropriate service delivery either directly by the Council, in partnership or through commissioning by:-</p> | <p>This will be achieved through:-</p> |
| <ul style="list-style-type: none"> • Ensuring that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively. • Holding meetings in public unless there are good reasons for confidentiality. • Ensuring 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. • Establishing a clear policy on the types of issues it will meaningfully consult on or engage with the public and service users, including a feedback mechanism for those consultees to demonstrate what has changed as a result. • Publishing an annual report giving information on the authority's ambition, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous | <ul style="list-style-type: none"> ➤ Customer Services Strategy ➤ Access to Information Procedure Rules (FOI) ➤ Equality and Diversity ➤ Commissioning Protocol ➤ Annual Performance Report and quarterly updates to SLT ➤ ICT Strategy |

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| <p>period.</p> <ul style="list-style-type: none"> Ensuring 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. | <p>Transparency Policy</p> |
| <p>In order to make best use of human resources the Council will:-</p> | <p>This will be achieved through:-</p> |
| <ul style="list-style-type: none"> Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making. | <ul style="list-style-type: none"> ➤ A People and Organisational Development Strategy ➤ Policy for consultation on Health and Safety and welfare ➤ Joint consultative committee arrangements ➤ Workforce Change Protocol (HR Policies and guidance) |

Comment [JMc]: Bryan – we don't have a document by this name – we have various HR Policies to support workforce changes –e.g. Restructuring Guidance, TUPE Guidance, Redundancy Policy, TU Recognition Agreement, Consultative Committee.

3. Monitoring compliance with the framework

The Corporate Governance Group will, in line with its terms of reference consider and monitor on a regular basis any issues placed on its significant issues action plan (SIAP) to strengthen the Council's governance arrangements. Progress against the SIAP will be monitored by the Corporate Governance Group and reported to the Senior Leadership Team and the Audit Committee, which will assist in the completion of the Annual Governance Statement.

4. Annual Assurance Assessment

Although the review of the corporate governance arrangements will be an ongoing process, each year the Directors will be required to sign an Annual Governance Certificate assessing the effectiveness of their divisions corporate governance arrangements, the results of which will form the basis of the Annual Governance Statement.

The Annual Governance Statement will be agreed by the Audit Committee and then included in the Annual Report and Statement of Accounts to be agreed by full council.

The Annual Governance Statement will be informed by, and based upon the work undertaken by the Corporate Governance Group which is chaired by the Chief Executive, and attended by other senior officers including the Section 151 Officer, the Monitoring Officer and the Head of Internal Audit.