

What's changed? (1/2)

The introduction to the Code (p2) has been revised to make it more user friendly, whilst still providing succinct and relevant information about Corporate Governance, both in general terms, and how Corporate Governance operates within Cheshire East Council.



CODE OF CORPORATE GOVERNANCE

Cheshire East Council

November 2013

What is Corporate Governance?

Corporate governance is about the systems, processes and values by which Councils operate and by which they engage with, and are held accountable to, their communities and stakeholders.

Cheshire East Council is committed to the principles of effective corporate governance and has therefore adopted a Code of Corporate Governance which follows the latest guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), entitled “Delivering Good Governance in Local Government – Framework”

The guidance defines the six core principles, each supported by sub-principles that should underpin the governance framework of a local authority.

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local areas
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risks

- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

What are the benefits of having a Code of Corporate Governance?

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. It enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and the management of risk.

Cheshire East Council has a robust governance framework in place. The documents and arrangements which comprise the framework demonstrate that the Council continually seeks to ensure it is and remains, well governed, through integration of with the core principles of the CIPFA/SOLACE framework into all aspects of the Council's conduct and operation.

The Chief Operating Officer is responsible for ensuring the Code is reviewed annually, and the outcome of the review, along with adoption of any revision to the Code is reported to the Audit and Governance Committee for approval.

The production of the Annual Governance Statement, in compliance with the Accounts and Audit Regulations 2011, is presented to the Audit and Governance Committee annually in conjunction with the Statement of Accounts.

What's changed? (2/2)

The description of the six principles of Corporate Governance has been updated to enhance the links between the supporting principles and how Cheshire East Council demonstrates compliance, plus minor updates to reflect organisational restructures and changes to job titles. For example, using "Chief Operating Officer" instead of "Director of Finance and Business Services".

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

Supporting Principles	To meet the requirements of this Principle, Cheshire East Council will;
Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcome for citizens and users.	Develop and promote the authority's purpose and long term vision.
	Review on a regular basis the authority's priorities for the local area and its implications for the authority's governance arrangements.
	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners.
	Communicate the authority's activities and achievements, its financial position and performance.
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 arrangement to identify and deal with failure in service delivery.
Ensuring that the authority makes best use of resources, that tax payers and service users receive excellent value for money, and the charge to tax payers to be affordable and reasonable.	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.
	Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.
	Ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary.
	Ensure compliance with CIPFA's The Prudential Code for Capital Finance in Local Authorities and CIPFA's Treasury Management Code.

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles:	
Supporting Principles	To meet the requirements of this Principle, Cheshire East Council will;
Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.	Set out a clear statement of the respective roles and responsibilities of the Cabinet and the Cabinet 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 authority members, members generally and of senior officers.
	Ensure that the Chief Financial Officer, in this case the Chief Operating Officer (COO) reports directly to the Chief Executive and is a member of the leadership team with a status at least equivalent to other members. If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact.
Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard.	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 authority, taking account of relevant legislation, and ensure that it is monitored and updated when required.
	Make the Chief Executive or equivalent responsible and accountable to the authority for all aspects of operational management.
	Ensure that the authority's governance arrangements allow the CFO direct access to the CEO and to other leadership team members.
	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.
	Make a senior officer (the Chief Operating Officer as Section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records, and for maintaining an effective system of internal financial control and whose core responsibilities include those set out in the "Statement on the Role of the CFO in Local Government" and ensure that they are properly understood throughout the authority.

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles:	
Supporting Principles	To meet the requirements of this Principle, Cheshire East Council will;
	<p>Ensure that the CFO :</p> <ul style="list-style-type: none"> • leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. • has a line of professional accountability for finance staff throughout the organisation.
	Ensure that budget calculations are robust and reserves adequate, in line with CIPFA's guidance.
	Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role.
	Make a senior officer (the Head of Legal Services and Monitoring Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
Ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of each other.	Develop protocols to ensure effective communication between members and officers in their respective roles.
	Set out terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective independent remuneration panel (for members).
	Ensure that effective mechanisms exist to monitor service delivery.
	Ensure that the organisations vision, strategic plans, priorities and targets are developed through robust processes, and in consultation with the local community and other stakeholders, and that they are clearly articulated and disseminated.
	<p>Establish a medium term business planning process to deliver strategic objectives including:</p> <ul style="list-style-type: none"> • A medium term financial strategy to ensure sustainable finances. • A robust annual budget that ensures financial balance.

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles:	
Supporting Principles	To meet the requirements of this Principle, Cheshire East Council will;
	<ul style="list-style-type: none"> • A monitoring process that enables scrutiny of delivery and supports appropriate mitigation for estimates that may vary in year.
	Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.
	When working in partnership, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and the authority.
	When working in partnership ensure that there is clarity about the legal status of the partnership.
	Ensure that, when working in partnership, all parties understand and make clear the extent of the authority to bind their organisation to partner decisions.

Principle 3: Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	
Supporting Principles	To meet the requirements of this Principle, Cheshire East Council will;
Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	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 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.
Ensuring that organisational 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.
	Ensure that systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.
	Develop and maintain an effective mechanism for dealing with standards issues.
	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 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.

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks	
Supporting Principles	To meet the requirements of this Principle, Cheshire East Council will;
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 authority's performance overall and that of any organisation for which it is responsible.
	Ensure an effective internal audit function is resourced and maintained.
	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 audit committee (the Audit and Governance Committee) which is independent of the executive and scrutiny functions.
	Ensure that the authority's governance arrangements allow the CFO direct access to the Audit and Governance Committee and External Audit.
	Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.
Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	Ensure those making decisions, whether for the authority or partnership, are provided with information which is fit for purpose – clear, timely, relevant, accurate and complete, and gives clear explanations of issues and implications on both a financial and non-financial basis.
	Ensure information provided on the financial performance of the organisation to budget managers and senior officers is well presented, timely, complete and accurate.
	Ensure that timely professional advice on matters that have legal or financial implications is available and recorded in advance of decision making and used appropriately.
	Ensure the authority's governance arrangements allow the CFO to bring influence to bear on all material decisions.
	Ensure that advice is provided on the levels of reserves and balances in line with good practice guidance.
Ensuring that an effective risk management system is in place.	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.
	Ensure the authority's arrangements for financial and internal control and for managing risk are addressed in annual governance reports.

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks	
Supporting Principles	To meet the requirements of this Principle, Cheshire East Council will;
	Ensure the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.
	Ensure that effective arrangements for whistle-blowing are in place to which officers, staff and all those in contracting with or appointed by the authority have access.
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 authorities by public law.
	Observe all specific legislative requirements placed upon them, as well as the requirement 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	
Supporting Principles	To meet the requirements of this Principle, Cheshire East Council will;
Making sure that members and officers have their 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 authority.
	Ensure the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non financial areas of their role.
	Review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised.
	Provide the finance function with the resources, expertise and systems necessary to perform its role effectively.
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.
	Embed financial competencies in person specifications and appraisals.
	Ensure that councillors' roles and responsibilities for monitoring financial performance are clear, that they have adequate access to financial skills and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities.
	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.
Encouraging new talent for membership of the authority 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 authority.
	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	
Supporting Principles	To meet the requirements of this Principle, Cheshire East Council will;
Exercising leadership through a robust scrutiny function which effectively engages local people and stakeholders, including partnerships, and develops constructive accountable relationships.	Make clear to all staff and the community to whom they are accountable and for what.
	Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required.
	Produce an annual report on the activity of the scrutiny function and promote a regular dialogue between executive and scrutiny functions.
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 authority, 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 authority to engage with all sections of the community effectively. These arrangements should recognise that 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 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.
	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 partnership, subject only to those specific circumstances where it is proper and appropriate to do so.
Ensure that our staff are engaged in the objectives and ethos of the organisation.	Ensure that staff are fully informed and have an opportunity to feedback with comments and suggestions.