

GOVERNANCE COMMITTEE

WEDNESDAY, 22ND MARCH 2017, 2.30 PM
COMMITTEE ROOM 1, TOWN HALL, CHORLEY

I am now able to enclose, for consideration at the above meeting of the Governance Committee, the following reports that were unavailable when the agenda was published.

Agenda No	Item	
10	CODE OF CORPORATE GOVERNANCE: UPDATE Report of the Monitoring Officer (enclosed)	(Pages 82 - 105)
11	MEMBERS CODE OF CONDUCT: PROCEDURAL AMENDMENTS Report of the Monitoring Officer (enclosed)	(Pages 106 - 107)

GARY HALL
CHIEF EXECUTIVE

Electronic agendas sent to Members of the Governance Committee

If you need this information in a different format, such as larger print or translation, please get in touch on 515151 or chorley.gov.uk

This page is intentionally left blank



Report of	Meeting	Date
Director of Governance and Policy	Governance Committee	22 March 2017

UPDATE OF THE CODE OF CORPORATE GOVERNANCE

PURPOSE OF REPORT

- To advise members of changes to the Council's Code of Corporate Governance.

RECOMMENDATION(S)

- That the updates to the Code of Corporate Governance contained at Appendix 1 be approved and adopted.

EXECUTIVE SUMMARY OF REPORT

- The Council are required to adopt a Code of Corporate Governance which demonstrates how the authority complies with its legislative requirements, the principles of good governance and management processes.
- In 2007 CIPFA/SOLACE issued a Framework and Guidance Document entitled Delivering Good Governance in Local Government. This established the Framework and Principles in which the Code could operate.
- This framework was adopted by Government as best practice and Chorley Council have used this Framework as the basis for our Code of Corporate Governance since that time.
- In 2012, to reflect a change in the Regulations, CIPFA SOLACE issued new guidance and an addendum to the Framework.
- The Framework Document was reissued in 2016 and established 7 Core Principles to replace the previous 6. The focus of the Framework was now to encourage Local Authorities to establish local codes with their own approaches to Corporate Governance. The new Framework seeks to promote a customer focus in how the Council seek to achieve our objectives.

Confidential report Please bold as appropriate	Yes	No
--	-----	----

CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	X	A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	

THE 2016 DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT FRAMEWORK

- This is a wholly new Framework document which whilst it builds on the previous edition and addendum, brings a new focus and approach.

10. Firstly, the Framework is less prescriptive in that it encourages Local Authorities to produce their own Code of Corporate Governance, setting out their own unique approach. The Framework assist authorities in identifying how they can review and account for their arrangements.
11. The Framework replaces the previous 6 core principles of good governance. Whilst there is some overlap the emphasis of the principles has changed. The principles are more focused on Customer and delivery of priorities.
12. The Framework introduces 2 core principles which underpin the remaining 5. These principles set out how this organisation can achieve our intended outcomes while acting in the public interest at all times.
13. As with previous Codes it includes how compliance will be assessed through the use of service assurance statements, the annual governance statement and audit. It also highlights evidence that supports compliance with the requirements of the Code.
14. The Code of Corporate Governance is attached at Appendix 1.

IMPLICATIONS OF REPORT

15. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

16. None

COMMENTS OF THE MONITORING OFFICER

17. Contained in the body of the report

Chris Moister
 Head of Legal Democratic and HR Services

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Chris Moister	5160	15 March 2017	***

Chorley Council

Code Of Corporate Governance



CONTENTS

	PAGE
1. Background	3
2. Core Principles	4
3. Review of Arrangements	17
4. Annual Governance Statement	18
5. Service Assurance Statements	18
6. Other Governance Assessments	19
Appendix 1 - Corporate Governance Reporting Arrangements	
Appendix 2 - Pro-forma Annual Governance Statement	

1. BACKGROUND

1.1 The International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014) defines governance as follows:

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entities objectives while acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

1.2 We have set the framework for strong governance by having a clear Vision which states that Chorley Council will be:

- A proactive community leader, supporting the borough and all its residents to reach their full potential through working in partnership to deliver services that achieve the best outcomes and protect vulnerable people.

1.3 Our priorities are set out in the Corporate Strategy as follows:

PRIORITY	INVOLVING RESIDENTS IN IMPROVING THEIR LOCAL AREA AND EQUALITY OF ACCESS FOR ALL	CLEAN SAFE AND HEALTHY COMMUNITIES	AN AMBITIOUS COUNCIL THAT DOES MORE TO MEET THE NEEDS OF RESIDENTS AND THE LOCAL AREA	A STRONG LOCAL ECONOMY
Outcomes	<ul style="list-style-type: none"> - Residents who take pride in where they live and their achievements - All residents are able to take an active part in their community - Easy access to high quality public services 	<ul style="list-style-type: none"> - Clean and safe streets - Reduced health in equalities - High quality play areas, parks and open spaces - A wide range of quality recreational activities - High quality affordable and suitable housing 	<ul style="list-style-type: none"> - A council that consults and engages with residents - An ambitious Council that continually strives to improve - Cohesive communities in and around the outlying area 	<ul style="list-style-type: none"> - A vibrant town centre and villages - A strong and expanding business sector - Access to high quality employment and education opportunities

1.4 A sound system of corporate governance underpins the achievement of all the

Council's desired outcomes but is primarily concerned with ensuring that the Council is a consistently top performing organisation.

- 1.5 In 2007 CIPFA and SOLACE issued a Framework document and supporting guidance (updated in 2012 and 2016) entitled "Delivering Good Governance in Local Government" under which the Council is urged to develop and shape its own approach to governance by:
- developing and maintaining an up-to-date local code of governance consistent with the core principles set out in this Framework, including arrangements for ensuring its ongoing application and effectiveness;
 - review its existing governance arrangements against this Framework;
 - prepare a governance statement in order to report publicly on the extent to which the Council complies with its own code on an annual basis including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

The overall aim of this approach is to ensure that resources are directed to the delivery of agreed priorities, that there is sound and inclusive decision making and clear accountability.

- 1.6 This local Code of Corporate Governance has been produced to show how Chorley Council will implement the core principles and detailed provisions of the new CIPFA SOLACE Framework and therefore ensure full compliance with it.
- 1.7 The Local Code also incorporates the guidance in respect of the 2010 Statement on the Role of the CFO in Local Government and the corresponding Application Note to Delivering Good Governance in Local Government and updated in autumn and December 2012.

2. CORE PRINCIPLES

- 2.1 The following seven **core principles** are taken from the International Framework: Good Governance in Public Sector (CIPFA/IFAC 2014). Good governance means:
- 1 – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**
 - 2 – Ensuring openness and comprehensive stakeholder engagement**
 - 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits**
 - 4 – Determining the interventions necessary to optimize the achievement of the intended outcomes**
 - 5 – Developing the entity's capacity, including the capability of its leadership and the individuals within it**
 - 6 – Managing risks and performance through robust internal control and strong public financial management**
 - 7 – Implementing good practices in transparency, reporting, and audit, to deliver effective accountability**

- 2.2 Principles 1 and 2 permeate the implementation of the others. Good governance is dynamic and the whole Council should be committed to improving governance through a continuing cycle of evaluation and review.
- 2.3 The above seven core principles also have **supporting principles** which reflect the dimensions of a local authority’s business. The following paragraphs illustrate the specific **behaviors and actions** that Chorley Council is seeking to apply in order to comply with those principles:

Core Principle 1 – BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW

Sub Principles	Behaviors and Actions	Evidence
Behaving with Integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	<ul style="list-style-type: none"> • Code of Conduct • Staff Induction • Performance Appraisals
	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Nolan Principles of Public Life	<ul style="list-style-type: none"> • Communicating shared values with staff the community and partners
	Leading by example and using these standard operating principles or values as a framework for decision making and other decisions	<ul style="list-style-type: none"> • Contract Procedure Rules • Declarations of Interests • Standing Orders • Develop and Maintain and effect Standards Regime
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	<ul style="list-style-type: none"> • Anti-Fraud and Corruption Policies operating properly • Up to date register of interests and hospitality • Whistleblowing policies being in place and publicized • Complaint Policy and evidence of changes and improvements made • Member and Officer Codes of Conduct • Minutes of meetings showing declarations of interest.
Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisations ethical standards and performance	<ul style="list-style-type: none"> • Scrutiny of ethical decision making • Championing ethical compliance at Council and Cabinet
	Underpinning personal behavior with ethical values and ensuring they permeate all aspects of the organisations culture and operation	<ul style="list-style-type: none"> • Provision of ethical awareness training
	Developing and maintaining robust policies and procedures	<ul style="list-style-type: none"> • Appraisal process • Staff Recruitment Policy

	which place emphasis on agreed ethical values	<ul style="list-style-type: none"> • Procurement and Contract Procedure Rules.
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	<ul style="list-style-type: none"> • Agreed values in partnership working • Protocols of partnership working
Respecting the Rule of Law	Ensuring members and officers demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	<ul style="list-style-type: none"> • Statutory Provisions • Compliance with Statutory Guidance • Constitution
	Creating the conditions to ensure that the statutory officers other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	<ul style="list-style-type: none"> • Job/Descriptions and Specifications • Compliance with CIPFA’s Statement on the Role of the Chief Financial Officer in Local Government • Terms of Reference • Committee Support
	Striving to optimize the use of the full powers available for the benefit of citizens , communities and other stakeholders	<ul style="list-style-type: none"> • Record of legal advice provided by officers
	Dealing with breaches of legal and regulatory provisions effectively	<ul style="list-style-type: none"> • Monitoring Officer Controls • Record of Legal Advice provided by officers • Statute
	Ensuring corruption and misuse of power are dealt with effectively	<ul style="list-style-type: none"> • Effective anti-fraud and corruption policies and procedures • Local assurance testing

Core Principle 2 - ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Sub Principles	Behaviors and Actions	Evidence
Openness	Ensuring an open culture through demonstrating, documenting and communicating the organisations commitment to openness	<ul style="list-style-type: none"> • Annual Report • Freedom Of Information publication scheme • Online Council Tax Information • Authorities Values • Website
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	<ul style="list-style-type: none"> • Council Meeting Minutes • Publication of Executive Member Decisions • Publication process for Key Decisions
	Providing clear reasoning and evidence for decisions both in public records and explanations to stakeholders and being explicit about the criteria rationale and	<ul style="list-style-type: none"> • Decision Making Protocols • Pro-Forma Report templates • Comments of SFO and MO • Minutes of meetings and decision making • Agreement on the information that

	considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.	<p>will be provided and timescales</p> <ul style="list-style-type: none"> • Council meeting calendar
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action	<ul style="list-style-type: none"> • Community Engagement Strategy • Use of Consultation Feedback
Engaging comprehensively with institutional stakeholders	Effectively engaging with institutional stakeholders to ensure that the purpose objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	<ul style="list-style-type: none"> • Communications Strategy
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	<ul style="list-style-type: none"> • Record of stakeholders with whom the council should engage and for what purpose
	<p>Ensuring Partnerships are based on</p> <ul style="list-style-type: none"> • Trust • A shared commitment to improve • A culture that promotes and accepts challenge <p>And that the added value of partnership working is explicit</p>	<ul style="list-style-type: none"> • Partnership Framework
Engaging Stakeholders Effectively including individual citizens ad service users	Establishing a clear policy on the type of issues that the organization will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	<ul style="list-style-type: none"> • Record of public consultations • Partnership Framework
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	<ul style="list-style-type: none"> • Community Engagement Strategy
	Encouraging Collecting and Evaluating the views and experiences of communities citizens service users and organisations of different backgrounds including reference to future needs	<ul style="list-style-type: none"> • Communications Strategy • Joint Strategic Needs Assessment
	Implementing effective	<ul style="list-style-type: none"> • Communications Strategy

	feedback mechanisms in order to demonstrate how their views have been taken into account	
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	
	Taking into account the interest of future generations of tax payers and service users	<ul style="list-style-type: none"> • Reports • Needs Assessments

Core Principle 3 – DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC SOCIAL AND ENVIRONMENTAL BENEFITS

Sub Principle	Behaviors and Actions	Evidence
Defining Outcomes	Having a clear vision which is an agreed formal statement of the organisations purpose and intended outcomes containing appropriate performance indicators which provides the basis for the organisations overall strategy, planning and other decisions	<ul style="list-style-type: none"> • The corporate vision is used as the basis for corporate and service planning
	Specifying the intended impact on, or changes for stakeholders including citizens and service users. It could be immediately over the course of a year or longer	<ul style="list-style-type: none"> • Community engagement and involvement • Corporate and Service level plans • Corporate Strategy
	Delivering defined outcomes on a sustainable basis within the resources that will be available	<ul style="list-style-type: none"> • Monitoring Reports to Cabinet
	Identifying and managing Risks to the achievement of outcomes	<ul style="list-style-type: none"> • Performance reporting • Risk Management Protocols
	Managing Service users expectations effectively with regard to determining priorities and making the best use of the resources available	<ul style="list-style-type: none"> • An agreed set of quality standard measures for each service included in service plans • Processes for dealing with competing demands within the community
Sustainable economic social and environmental benefits	Considering and balancing the combined economic social and environmental impact of policies plans and decisions about service provision	<ul style="list-style-type: none"> • Capital Investment is structured to achieve appropriate life spans and adaptability for future use or that resources are spent on optimizing social economic and environmental wellbeing
	Taking a longer-term view with regard to decision making, taking account of risk	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Record of decision making and supporting materials

	and acting transparently where there are potential conflicts between the organisations intended outcomes and short term factors such as political cycle or financial constraints	
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic social and environmental benefits through consultation where possible in order to ensure appropriate trade-offs	<ul style="list-style-type: none"> • Record of decision making and supporting materials • Protocols for consultation
	Ensuring fair access to services	<ul style="list-style-type: none"> • Protocols ensuring fair access and statutory guidance are followed

Core Principle 4 - DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

Sub Principle	Behaviors and Actions	Evidence
Determining Interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	<ul style="list-style-type: none"> • Discussion between members and officers • Decision making procedures • Options Appraisals • Agreement on information to be provided and timescales
	Considering Feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritize competing demands within limited resources available including people skills land and assets and bearing in mind future impacts	<ul style="list-style-type: none"> • Financial Strategy
Planning Interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans priorities and targets	<ul style="list-style-type: none"> • Council calendar of meetings

	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	<ul style="list-style-type: none"> • Communication Strategy
	Considering and monitoring risks facing each partner when working collaboratively including shared risks	<ul style="list-style-type: none"> • Partnership Framework • Risk Management
	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	<ul style="list-style-type: none"> • Project Management Toolkit
	Establishing appropriate key performance indicators as part of the planning process in order to identify how the performance of services and projects is to be measured	<ul style="list-style-type: none"> • KPI's have been established and approved for each service element and included in the service plan and are reported on regularly
	Ensuring Capacity Exists to generate the information required to review service quality regularly	<ul style="list-style-type: none"> • Reports include detailed performance results and highlight areas where corrective action is necessary
	Preparing budgets in accordance with organizational objectives strategies and the medium term financial strategy	<ul style="list-style-type: none"> • Evidence that budgets plans and objectives are aligned
	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	<ul style="list-style-type: none"> • Budget guidance and protocols • Medium term financial strategy • Corporate Plans
Optimising achievement of intended outcomes	Ensuring the MTFS integrates and balances service priorities affordability and other resources constraints	<ul style="list-style-type: none"> • Feedback surveys and exit strategies • Change control mechanisms
	Ensuring the budgeting process is all-inclusive taking into account the full cost of operations over the medium and longer term	<ul style="list-style-type: none"> • Budgeting guidance and protocols

	Ensuring the MTFS sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimizing resource usage	<ul style="list-style-type: none"> Financial Strategy
	Ensuring the achievement of 'social value' through service planning and commissioning	<ul style="list-style-type: none"> Service plans demonstrate consideration of social value Achievement of social value is monitored and reported upon

Core Principle 5 – DEVELOPING THE ENTITY’S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Sub Principle	Behavior and Actions	Evidence
Developing the entities capacity	Reviewing operations performance use of assets on a regular basis to ensure their continuing effectiveness	<ul style="list-style-type: none"> Regular reviews of activities outputs and planned outcomes
	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority’s resources are allocated so that outcomes are achieved effectively and efficiently	<ul style="list-style-type: none"> Utilization of research and benchmarking exercise
	Recognizing the benefits of partnerships and collaborative working where added value can be achieved	<ul style="list-style-type: none"> Effective operation of partnership which deliver agreed outcomes
	Developing and maintain an effective workforce plan to enhance the strategic allocation of resources	<ul style="list-style-type: none"> Organisational Development Plan Workforce Plan
Developing the capability of the entity’s leadership and other individuals	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	<ul style="list-style-type: none"> Job Descriptions Chief Execs and Leader pairings to consider how to best establish communication
	Publishing a statement that specified the types of decisions that are delegated and those reserved for the	<ul style="list-style-type: none"> Scheme of delegation reviewed at least annually in the light of legal and organizational changes

	<p>collective decision making of the governing body.</p>	<ul style="list-style-type: none"> • Standing Orders and Financial regulations reviewed on a regular basis
	<p>Ensuring the leader and the CE have clearly defined and distinctive leadership roles within a structure whereby the CE leads the authority in implementing strategy and managing delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.</p>	<ul style="list-style-type: none"> • Clear statement of respective roles and responsibilities and how they will be put into practice
	<p>Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organization to respond successfully to changing legal and policy demands as well as economic political and environmental changes and risks by:</p> <ul style="list-style-type: none"> • Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organization requirements is available and encouraged • Ensuring members and officers have appropriate skills knowledge resources and support to fulfill their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • Ensuring personal organizational and system wide development through shared learning including lessons learnt from governance weaknesses both internal and external 	<ul style="list-style-type: none"> • Access to update courses and information briefings on new legislation • Induction • PDP's • For members may include Scrutiny and challenge • Recognize when expert advice needed • Promote trust • Work in partnership • Lead the organization • Act as community leader • Efficient systems and technology used for effective support • Arrangements for succession

		planning
	Ensuring there are structures in place to encourage public participation	<ul style="list-style-type: none"> Residents Panel Stakeholder Forums Strategic Partnership Frameworks
	Taking steps to consider the leaderships own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	<ul style="list-style-type: none"> Reviewing individual member performance on a regular basis taking account of their attendance and considering any training or development needs Peer reviews
	Holding staff to account through regular performance reviews which take account of training or development needs	<ul style="list-style-type: none"> Training and PDP Organisational Development Plan linked to Appraisals Implementing appropriate HR policies and ensuring they are working effectively
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in their physical and mental wellbeing	<ul style="list-style-type: none"> HR policies

Core Principle 6 – MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Sub Principle	Behaviors and Actions	Evidence
Managing Risk	Recognising that risk management is an integral part for all activities and must be considered in all aspect of decision making	<ul style="list-style-type: none"> Risk management protocol
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	<ul style="list-style-type: none"> Risk Management Strategy reviewed and updated
	Ensuring that responsibilities for managing risks are clearly allocated	<ul style="list-style-type: none"> Risk Management Protocol
Managing Performance	Monitoring service delivery effectively including planning specification execution and independent post implementation review	<ul style="list-style-type: none"> Performance map showing all key activities have performance measures Benchmarking Cost performance Calendar of dates
	Making decisions based on relevant clear objective analysis and advice pointing out the implications and risks inherent in the organization’s financial social and	<ul style="list-style-type: none"> Discussion between members and officers on the information needs of members to support decision making Publication of agendas and minutes of meetings

	environmental position and outlook	<ul style="list-style-type: none"> • Agreement on the information that will be needed and timescales
	Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before during and after decisions are made thereby enhancing the organizations performance and that of any organization for which it is responsible	<ul style="list-style-type: none"> • The role and responsibility for scrutiny has been established and is clear • Agenda and minutes of scrutiny meetings • Evidence of improvements as a result of scrutiny • Terms of reference • Training for members • Membership
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	<ul style="list-style-type: none"> • Council Meeting Calendar
	Ensuring there is consistency between specification stages and post implementation reporting	<ul style="list-style-type: none"> • Financial standards and guidance • Financial Regulations and standing orders
Robust Internal Control	Aligning the risk management strategy and policies on internal control with achieving the objectives	<ul style="list-style-type: none"> • Risk management strategy • Audit Plan • Audit Reports
	Evaluating and monitoring the authorities risk management and internal control on a regular basis	<ul style="list-style-type: none"> • Risk management Strategy approved /reviewed /updated
	Ensuring effective counter fraud and anti-corruption arrangements are in place	<ul style="list-style-type: none"> • Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	<ul style="list-style-type: none"> • Annual Governance Statement • Effective internal audit service is resourced and maintained
	Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body and provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon.	<ul style="list-style-type: none"> • Audit Committee complies with best practice • Terms of Reference • Membership • Training
Managing Data	Ensuring effective arrangements are in place for the safe collection storage use	<ul style="list-style-type: none"> • Data Management framework • Designated Data Protection Officer • Data Protection Policies and

	and sharing or data including processes to safeguard personal data	Procedures
	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	<ul style="list-style-type: none"> • Data sharing agreement • Data Sharing Register • Data Processing Agreement
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	<ul style="list-style-type: none"> • Data quality procedures and reports • Data validation procedures
Strong Public Financial Management	Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance	<ul style="list-style-type: none"> • Financial management supports the delivery of services and transformational change as well as good stewardship
	Ensuring well developed financial management is integrated at all levels of planning and control including management of financial risks and controls	<ul style="list-style-type: none"> • Budget Monitoring Reports

Core Principle 7: IMPLEMENTING GOOD PRACTICES | TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Sub Principle	Behaviors and Actions	Evidence
Implementing good practice in transparency	Writing and communicating reports for the public and other stakeholders in and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	<ul style="list-style-type: none"> • Website • Annual Report
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not be too onerous to provide and for users to understand	
Implementing good practices in reporting	Reporting at least annually on performance value for money and the stewardship of its resources	<ul style="list-style-type: none"> • formal annual report which includes key points raised by external scrutineers and service users feedback on service delivery • annual financial statements
	Ensuring members and senior management own the results	<ul style="list-style-type: none"> • appropriate approval processes
	Ensuring robust arrangement for assessing the extent to which the principle contained in the framework have been	<ul style="list-style-type: none"> • Annual Governance Statement

	applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance	
	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	<ul style="list-style-type: none"> • Annual Governance Statement
	Ensuring that performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with similar organisations	<ul style="list-style-type: none"> • Format follows best practice
Assurance and effective accountability	Ensuring that recommendations for corrective action made by external audit are acted upon	<ul style="list-style-type: none"> • Recommendations have informed positive improvement • Compliance with CIPFA's Statement of the Role of the Head of Internal Audit
	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	<ul style="list-style-type: none"> • Compliance with Public Sector Internal Audit Standards
	Welcoming peer challenge reviews and inspections from regulatory bodies and implementing recommendations	<ul style="list-style-type: none"> • Recommendations have informed positive improvement
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	<ul style="list-style-type: none"> • Annual Governance Statement
	Ensuring that when working in partnership arrangements for accountability are clear and that the need for wider public accountability has been recognized and met	<ul style="list-style-type: none"> • Community strategy

3. REVIEW OF ARRANGEMENTS

- 3.1 The CIPFA SOLACE Framework requires the Council to:
- consider the extent to which it complies with the principles and requirements of good governance set out in the Framework
 - identify systems, processes and documentation that provide evidence of compliance
 - identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified
 - identify the issues that have not been addressed adequately in the authority and consider how they should be addressed
 - identify the individuals who would be responsible for undertaking the actions required and plan accordingly.
- 3.2 Commencing with the 2006/7 financial year, a corporate working group has assumed responsibility for conducting a detailed self-assessment of compliance with the above core principles and supporting principles. This includes the listing of documentary evidence to support the results. Much of the required evidence is taken from the following key systems and processes:
- Strategic and business planning;
 - Communication;
 - Performance management;
 - Risk management;
 - Value for money;
 - Probity;
 - Financial strategy;
 - Financial standing;
 - Financial management;
 - Asset management.
- 3.3 These are also the areas that External Audit base their annual governance report upon.
- 3.4 A Corporate Governance Group consisting of the following key officers conduct the self-assessment:
- Chief Executive (Section 151 Officer)
 - Head of Legal Democratic and HR Services (Monitoring Officer)
 - Director of Policy and Governance
 - Head of Shared Assurance Services
- 3.5 Any significant non-compliance issues identified in the self-assessment process are disclosed within the Annual Governance Statement and fed into the business planning process. This means that they are subjected to systematic monitoring which in turn ensures their resolution.
- 3.6 The Annual Governance Statement is also reported to Strategy Group and Executive Cabinet at the respective chief officer and member levels. In addition, the Governance Committee has responsibility for oversight and scrutiny of governance matters written into its terms of reference. The overall reporting system for corporate governance is shown at Appendix 1. This also indicates that the Corporate Governance Group acts as a conduit for any governance issues identified through external audit and inspection reports.

4. ANNUAL GOVERNANCE STATEMENT

- 4.1 Regulation 4(3) of the Accounts and Audit Regulations 2011 requires a local authority to “conduct a review at least once in a year of the effectiveness of its system of internal control...”. Subsequently, the authority should approve an Annual Governance Statement in accordance with proper practices.
- 4.2 The new CIPFA SOLACE Framework defines proper practice for the form and content of an Annual Governance Statement (AGS), which meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011.
- 4.3 The Council therefore publishes an AGS based on the CIPFA SOLACE model governance statement as shown at Appendix 2. The AGS covers all significant corporate systems, processes and controls, spanning the whole range of the Council'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.
- 4.4 It therefore covers performance issues – good governance promotes good service but poor service performance reflects a failure of governance. Consequently, approval and ownership of the AGS should be at a corporate level and should be confirmed by the most senior officer (chief executive or equivalent) and the most senior member (leader or equivalent) signing the statement on behalf of the authority.
- 4.5 The Leader and Chief Executive therefore sign the AGS on behalf of Chorley Council once the review and approval process (Appendix 1) has been followed. The AGS will be approved by the Audit Committee and published with the annual financial statements so that the publication timetable for the financial statements drives the AGS approval timetable.

5. SERVICE ASSURANCE STATEMENTS

- 5.1 As Section 4 above indicates, before signing the AGS the Leader and Chief Executive will seek assurances that the review and approval process described in Appendix 1 has been followed. This ensures that the views of the statutory officers have been taken into account, and they have in turn sought the views of auditors (internal & external) and other inspectorates as to the adequacy and effectiveness of the Council's system of governance.
- 5.2 However in reviewing and approving the AGS members will also require assurances on the effectiveness of the governance framework from managers across the Council, as it is they who are charged with embedding corporate governance systems within their services.

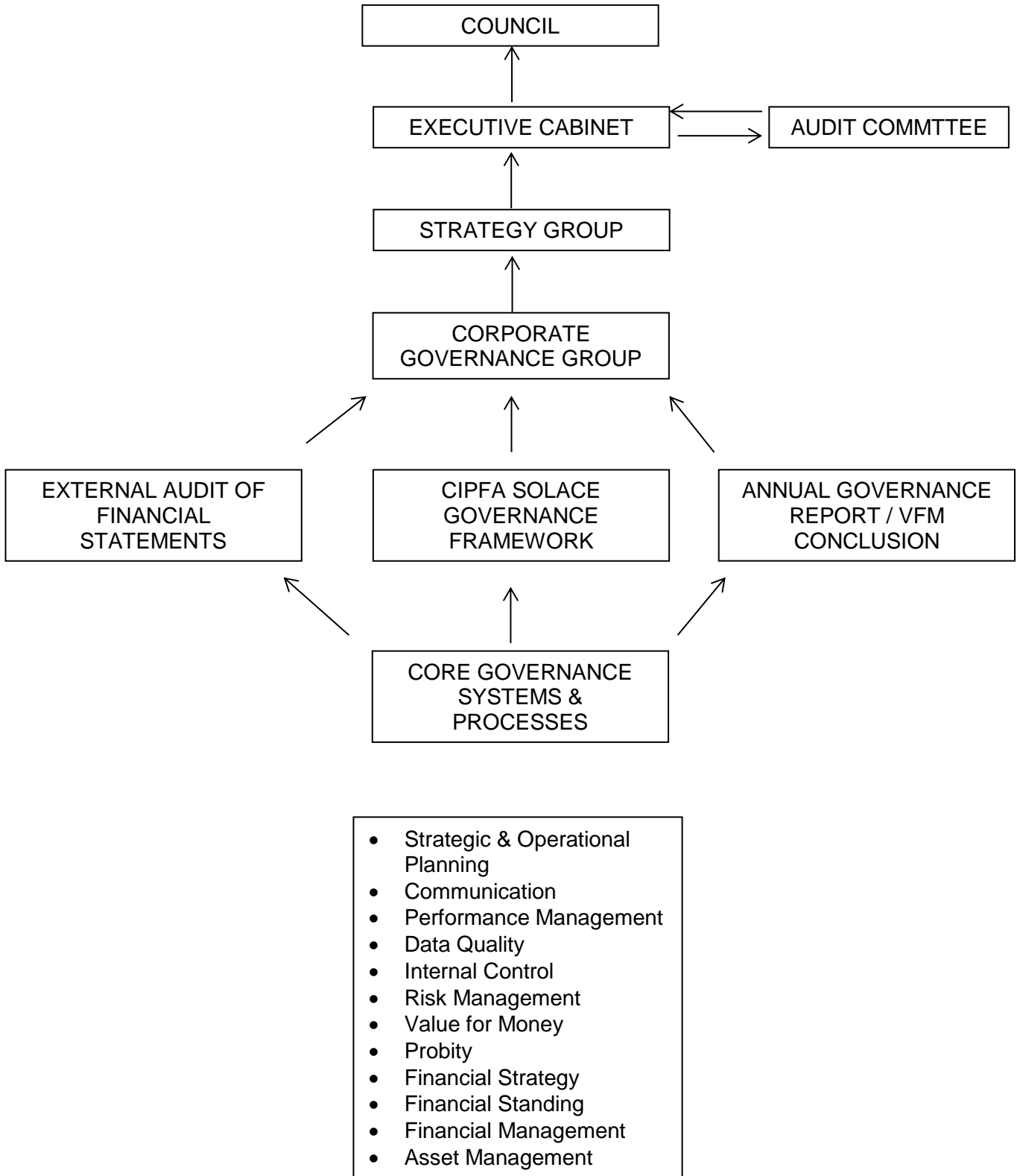
- 5.3 The Council has therefore adopted a system of Service Assurance Statements which are compiled on an annual basis to coincide with the production of the AGS. These require Heads of Service to review the operation of a wide range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues.
- 5.4 The completed Service Assurance Statements are analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues. Any significant non-compliance issues emerging will be included in the Annual Governance Statement itself.

6. OTHER GOVERNANCE ASSESSMENTS

- 6.1 In addition to the above corporate and service level assessments which are the prime means of reviewing the adequacy of the Council's governance arrangements there are a number of other internal and external reviews and assessments which also impact upon the Council's system of governance.
- 6.2 These include:
- The Annual Audit & Inspection Letter
 - The Annual Report of the Head of Internal Audit
 - The Annual Review of the Effectiveness of the System of Internal Audit (Internal)
- 6.3 Any key recommendations emanating from these reviews will also be incorporated within the Council's Annual Governance Statement.

APPENDIX 1

CORPORATE GOVERNANCE REPORTING ARRANGEMENTS



ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

[The authority] 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. [The authority] also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, [the authority] is responsible for putting in place proper arrangements for the governance of its affairs facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

[The authority] has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at [...] or can be obtained from [...]. This statement explains how [the authority] has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations 2011 in relation to the publication of an Annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of [the authority's] policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at [the authority] for the year ended 31 March 200x and up to the date of approval of the [annual report] and statement of accounts.

The governance framework

Describe the key elements of the systems and process that comprise the authority's governance arrangements including arrangements for:

- Identifying & communicating the authority's vision of its purpose and intended outcomes for citizens and service users
- Reviewing the authority's vision and its implications for the authority's governance arrangements
- Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money
- Defining & documenting the roles & responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements
- Developing, communicating and embedding codes of conduct, defining the standards

of behavior for members and staff

- Reviewing & updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls to manage risks
- Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees - Practical Guidance for Local Authorities
- Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful
- Whistle-blowing and for receiving and investigating complaints from the public
- Identifying the development need of members and senior officers in relation to their strategic roles, supported by appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- Incorporating good governance arrangements in respect of partnerships and other group working as identified in the Audit Commission's report on the governance of partnerships, and reflecting these in the authorities overall governance arrangements

Review of effectiveness

[The authority] has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Describe the process that has been applied in maintaining and reviewing the effectiveness of the governance framework, including some comment on the role of:

- the authority
- the executive
- the audit committee/overview and scrutiny committees/risk management committee
- the standards committee
- internal audit
- other explicit review/assurance mechanisms.

I/we have been advised on the implications of the result of the review of the effectiveness of the governance framework and system of internal control by the Authority, the executive/audit committee/overview and scrutiny committee/risk management committee (*amend list as appropriate*), and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

[Include an outline of the actions taken, or proposed, to deal with significant governance and internal control issues.]

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

.....

Leading Member & Chief Executive on behalf of [the authority]



Report of	Meeting	Date
Monitoring Officer	Governance Committee	22 March 2017

MEMBERS CODE OF CONDUCT: PROCEDURAL AMENDMENTS

PURPOSE OF REPORT

- To inform members of proposed changes to the Council's Arrangements for Dealing with Complaints about the Conduct of Elected Members and to get approval to the changes.

RECOMMENDATION(S)

- That the Arrangements for Dealing with Complaints about the Conduct of Elected Members be amended to include a specific provision for addressing the withdrawal of a complaint as detailed in paragraph 10 of this report.

EXECUTIVE SUMMARY OF REPORT

- Recently, a complainant sought to withdraw a complaint concerning the conduct of an elected member after an Investigating Officers Report had been completed. The report found that there had been a breach of the code. However, the complainant decided not to pursue the matter further.
- The Monitoring Officer reviewed this matter in consultation with the Independent Person and concluded without the engagement of the complainant it would be difficult to evidence the complaint and it was jointly advised that the matter should be discontinued.
- The Arrangements, whilst there is provision for departure from the procedure do not specifically address this situation. It is felt that additional guidance should be included to support Members and Officers in making a decision where the complainant seeks to withdraw.

Confidential report Please bold as appropriate	Yes	No

CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	X

BACKGROUND

- A complaint was received in relation to the conduct of an elected member. The complaint was considered in accordance with the Arrangements for Dealing with Complaints about the Conduct of Elected Members.

8. It was found that the conduct alleged was a breach of the Code of Conduct and a local settlement was proposed. Performance of the local settlement failed to address the complaint and the matter was referred for Investigation. The Investigation Report did conclude that there had been a Breach of the Code and the matter was ready for hearing.
9. At that time the complainant having discussed this matter with the Monitoring Officer decided to withdraw their complaint. There is no specific procedure to allow for this and the Monitoring Officer considered that without the complainant, whilst the breach could still be evidenced the consequences of any finding and sanction imposed would be at the lower end of the scale. The procedure was discontinued.
10. It is proposed to introduce a new paragraph 18 to the Arrangements with the numbering of the remaining paragraphs amended accordingly. It is proposed that the new paragraph should read:-

Discontinuance of Complaint

Where a complainant indicates that they wish to withdraw their complaint the Monitoring Officer will consider the request against the following criteria

- a. Seriousness of the alleged misconduct. Where the allegation is serious in nature the Monitoring Officer should be reluctant to discontinue the process even when the complainant indicates they will not engage going forward.
- b. The importance of the evidence of the Complainant. The Monitoring Officer will consider whether the conduct complained of can be evidenced without the involvement of the Complainant.

The Monitoring Officer will then make a recommendation to the Independent Person who will consider and provide a view on the recommendation. The likely sanction to be imposed is a relevant consideration.

Where the recommendation is to discontinue the Investigation and this is accepted by the Independent Person then no further action will be taken other than to notify the complainant and the subject of the complaint.

IMPLICATIONS OF REPORT

11. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area	X	Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

12. There are no financial implications of these changes.

COMMENTS OF THE MONITORING OFFICER

13. None save those in the body of the report.

CHRIS MOISTER
MONITORING OFFICER

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Chris Moister	5160	16 March	