

## **Governance COMMITTEE**

Thursday, 1st April 2021, 2.30 pm

Committee Room 1, Town Hall, Chorley and Microsoft Teams

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**

**7        Update - Local Code of Corporate Governance**

(Pages 3 - 20)

To receive and consider the report of the Director of Governance.

Gary Hall  
Chief Executive

Electronic agendas sent to Members of the Governance Committee

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Report of	Meeting	Date
Director of ***	Governance Committee	***

## Update - Local Code of Corporate Governance

### Purpose of report

- To inform members of updates to the Local Code of Corporate Governance and seek approval of the proposed amendments.

### Recommendation(s)

- Members approve the Local Code of Corporate Governance attached at appendix A to this report.

### Executive summary of report

- The Council's Local Code of Corporate Governance required updating to reflect changes to Council documents and organisation structure. The amended document incorporates these changes and ensures that the Local Code remains relevant and a clear and correct statement of our governance framework.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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### 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 homes and communities		An ambitious council that does more to meet the needs of residents and the local area	X

### Background

- The "Local Code of Corporate Governance" (the Local Code) sets out and describes the Council's commitment to corporate governance and identifies the arrangements that have been developed and maintained to enable the transparent and fair delivery of the Council's work. Each year the Council prepares an annual governance statement which tests the internal control environment against our Local Code. The Local Code is an important document which provides the framework for our compliance with good governance standards.
- The framework "Delivering Good Governance in Local Government" was first published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) late in 2007. This

framework has been reviewed by CIPFA and Solace in 2015 and a revised framework published in spring 2016. It details 7 core principles which should form the basis for each council's Local Code. These principles are set out below.

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
  - Ensuring openness and comprehensive stakeholder engagement
  - Defining outcomes in terms of sustainable economic, social and environmental benefits
  - Determining the interventions necessary to optimize the achievement of the intended outcomes
  - Developing the entity's capacity, including the capability of its leadership and the individuals within it
  - Managing risks and performance through robust internal control and strong public financial management
  - Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
7. Each principle is supported by behaviours which demonstrate compliance.
  8. The Local Code considers each of the Principles and the sub-behaviours commits the Council to complying with them and then provides evidence which demonstrates this compliance.
  9. The evidence is made up of corporate documents, policies, strategies and procedures. As several the documents have been changed or refreshed it is important to review the Local Code to ensure it is up to date. This is particularly so as it will be used to test against to consider the council's governance environment. If the Local Code is incorrect then demonstrating compliance will be very difficult.

**Implications of report**

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

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

11. Risk is considered in the body of the report.

**Comments of the Statutory Finance Officer**

12. There are no financial implications arising from the recommendation.

**Comments of the Monitoring Officer**

13. Contained in the body of the report.

Chris Moister  
 Director of Governance

Report Author	Ext	Date
Chris Moister	5160	23 March 2021

**CHORLEY BOROUGH COUNCIL**  
**LOCAL CODE OF CORPORATE GOVERNANCE**  
**MARCH 2021**

## Chorley Borough Council

### Local Code of Corporate Governance

#### 1. Introduction

The "Local Code of Corporate Governance" (the Local Code) sets out and describes the Council's commitment to corporate governance and identifies the arrangements that have been developed and maintained to enable the transparent and fair delivery of the Council's work. Each year the Council prepares an annual governance statement which tests the internal control environment against our Local Code. The Local Code is an important document which provides the framework for our compliance with good governance standards.

#### 2. Background

The framework "Delivering Good Governance in Local Government" was first published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) late in 2007. This framework has been reviewed by CIPFA and Solace in 2015 and a revised framework published in spring 2016,. It details 7 core principles which should form the basis for each council's Local Code. These will be considered below.

#### 3. What is Corporate Governance?

Each local authority operates through a governance framework. It is a system that sets out how we manage our obligations and behaviours and how we make decisions. For the purpose of this Local Code, South Ribble Borough Council has accepted the definition of Corporate Governance as stated within the CIPFA/SOLACE document entitled "Delivering Good Governance in Local Government", as follows:-

***"Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.***

***It comprises the systems and processes, and cultures and values, by which local authorities are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities".***

Chorley Borough Council recognises that effective local government relies upon establishing and maintaining the public's confidence in both the elected Members and officials, which then underpins the credibility and confidence in the services that we provide. Good governance should focus on outcomes for residents and service users.

Chorley Borough Council seeks to encourage the values of good governance to both our existing and potential partners through the promotion of these behaviours and by providing a clear and demonstrable lead.

#### 4. Chorley Borough Council's Corporate Strategy

The Council's vision is:

**“A proactive community leader, supporting the borough and all its residents, whether in rural or urban areas, to reach their full potential through working in partnership to deliver services that achieve the best outcomes for local people and protect vulnerable people”.**

The Council's corporate priorities are:

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

All the activities and work the council undertakes and delivers should be capable of being traced into the corporate priorities and the delivery of our vision. This ensures that residents can be clear as to why we are undertaking our works and making these decisions.

The priorities set the what and the corporate projects the how.

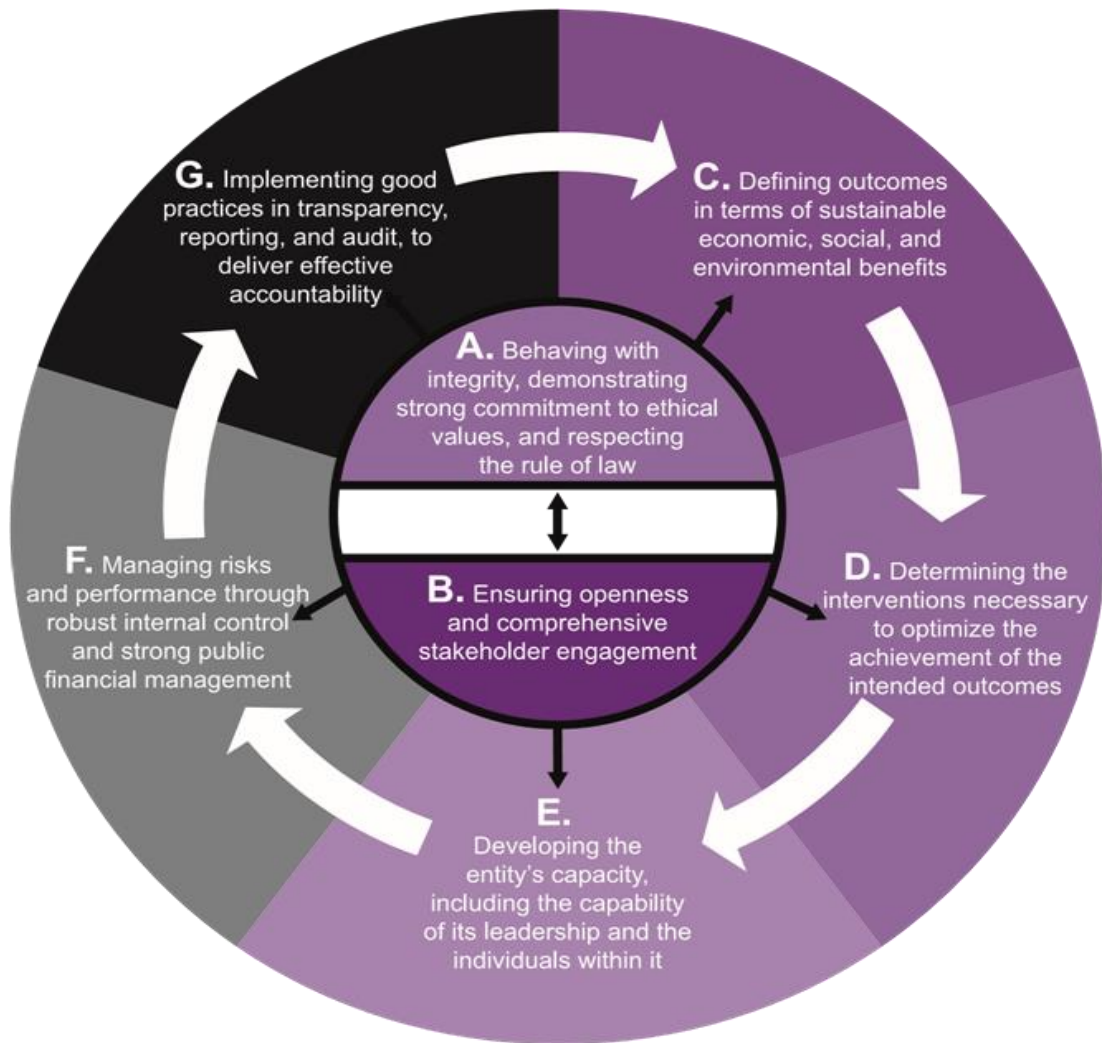
Also important for corporate governance, the corporate plan provides measures against which delivery can be assessed.

## **5. Framework for the Local Code**

The following seven **core principles** are taken from the International Framework: Good Governance in Public Sector (CIPFA/IFAC 2014). Good governance means:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

The diagram below, illustrates how the principles relate to each other.



In order to demonstrate a strong governance environment we have to demonstrate how we comply with these principles. The following tables set out the councils approach and processes which evidence compliance.



<p><b>A. Good governance means behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b></p>	
<p><b>We will:</b></p> <p><b>Behave with integrity Demonstrate strong commitment to ethical values;</b>  <b>Respect the rule of law;</b></p>	
<b>In order to achieve this we will:</b>	<b>Evidence</b>
ensure that the Council's leadership sets a tone for the Council by creating a climate of openness, support and respect;	Corporate Strategy Constitution
ensure that standards of conduct and personal behaviour expected of members and officers, of work between them and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols;	Standing Orders Ethical Procurement / Contract Procedure Rules Code of Conduct for Members Standards Complaints Procedure
maintain arrangements to ensure that members and employees of the Council 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;	Declarations of Interests and register of interests for officers and members Provision of ethical governance training Staff Induction
maintain shared values including leadership values for both the organisation and employees reflecting public expectations, and communicate these with members, officers, the community and partners;	Organisational Development Strategy Staff Recruitment Policy Job/Descriptions and Specifications Continuing Professional Development
ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness;	Performance Management Anti-Fraud and Corruption and Whistleblowing Policies Minutes of meetings showing declarations of interest
maintain an effective standards committee;	Open Cabinet system
use the Council's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council;	Report Templates requiring s151 and MO comments Scrutiny of ethical decision making Key Partnership Framework
in partnering arrangements agree a set of values against which decision	Compliance with Statutory Guidance Compliance with CIPFA's Statement on the Role of the Chief Financial

making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.

Officer in Local Government  
Self-Reporting to regulatory bodies

## **B. Good governance means ensuring openness and comprehensive stakeholder engagement**

**We will:**

**Be Open;**

**Engage comprehensively with institutional stakeholders;**

**Engage stakeholders effectively, including individual citizens and service users;**

**In order to achieve this we will:**

**Evidence**

ensure that the Council's vision is delivered through the corporate plan and that it is clearly consulted, articulated and disseminated to all key stakeholders

Annual Report  
Annual Governance Statement  
Freedom of Information/Environmental Information Act publication scheme

ensure that clear channels of communication are in place to enable the Council to engage with all sections of the community effectively and put in place monitoring arrangements to ensure effective operation;

Online Council Tax Information  
Authorities Values

consider all stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required; These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands;

Website  
Council Meeting Minutes  
Publication of Executive Member Decisions  
Publication process for Key Decisions

hold meetings in public unless there are good reasons for confidentiality;

Pro-Forma Report templates  
Comments of SFO and MO

maintain a clear policy that supports consultation and engagement with the public and service users including an appropriate feedback mechanism for those consultees to demonstrate what has changed as a result;

Council meeting calendar  
Use of Consultation Feedback / as highlighted by CIPFA  
Resident Survey

publish an annual performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users;

Communications Strategy  
Record of stakeholders with whom the council should engage and for what purpose

Scrutiny Committee to have clear responsibilities including accountability

Record of public consultations  
Evidence based decision making

for external and community aspects;	Use of social media
produce regular reports on the activity of the scrutiny function;	
ensure that the Council as a whole is open and accessible to the community, service users and its employees. That it is committed to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality where it is proper and appropriate to do so;	
maintain a clear policy on how employees and their representatives are consulted and involved in decision making.	

<b>C. Good governance means defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	
<b>We Will:</b>	
<b>Define outcomes;</b>	
<b>Provide sustainable economic, social and environmental benefits;</b>	
<b>In order to achieve this we will:</b>	<b>Evidence</b>
promote and review the Council's purpose and vision;	Community engagement and involvement Corporate Strategy Monitoring Reports to Cabinet Project Management Performance Management Framework Risk Management and Grace System 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 Medium Term Financial Strategy Record of decision making and supporting materials Reporting / register of environmental data Statement of Accounts and EA value for money opinion
review on a regular basis the Council's governance arrangements;	
foster effective relationships and partnerships with the public, private, community and voluntary sectors;	
ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties;	
decide how the quality of service for users is to be measured and make sure that the information needed to regularly review service quality is available;	
put in place effective arrangements to enable continuous improvement;	
decide how value for money is to be measured and make sure that the Council or partnership has the information needed to review value for money and performance effectively;	
measure the impact of policies, plans and decisions on the community	

and its environment.

Corporate Priority – Community Wealth Building  
 Equality Impact Assessments  
 Key Partnership Framework

**D. Good governance means determining the interventions necessary to optimise the achievement of the intended outcomes**

**We Will:**

- Determine interventions;**
- Plan interventions;**
- Optimise the achievement of intended outcomes;**

<b>In order to achieve this we will:</b>	<b>Evidence</b>
Ensure that there are on-going discussions between members and officers on the information needs of members to ensure considered and robust decision making	Members Briefings Standing Orders Options Appraisals Medium Term Financial Strategy
Ensure members understand what information they may ask for and associated timescales;	Council calendar of meetings Communication Strategy
Ensure that our Scheme of Delegation is fit for purposes and is complied with	Key Partnership Framework in development Risk Management Framework
Ensure that accurate and detailed records of all decisions are maintained together with supporting material	Project Management Toolkit Performance Management Framework
Ensure (wherever practicable) that decision makers are advised appropriately on all available options	Senior Management Team Corporate Strategy
Have a robust Financial strategy	Social Value in procurement Ethical procurement / contract procedure rules
Have a robust Corporate Risk Register	

Ensuring that the social value dimension is covered by any major procurement exercise that is carried out; ensuring that up to date and accurate advice is contained within our procurement guidance documents	
Wherever appropriate develop and report on Key Performance Indicators for service areas and report against them	
<b>E. Good governance means developing the council’s capacity, including the capability of its leadership and the individuals within it</b>	
<b>We Will:</b>	
<b>Develop the council’s capacity;</b>	
<b>Develop the capability of the council’s leadership and other individuals;</b>	
<b>In order to achieve this we will:</b>	<b>Evidence</b>
provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis;	Organisational Development Plan – Flair Job Descriptions
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 Council;	Officer PDP’s Access to update courses and information briefings on new legislation Induction – both officers and members
assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively;	HR policies Staff forums Clear statement of roles and responsibilities and how they will be put into practice
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;	CE Performance Appraisal (member led) Arrangements for succession planning Member Briefings
ensure that effective arrangements are in place for reviewing the performance of Cabinet and other committees and their membership and agreeing action to address any training or development needs;	Member PDPS Scheme of delegation reviewed regularly in the light of legal and organizational changes
ensure that effective arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and	Standing Orders reviewed on a regular basis Efficient systems and technology used for effective support

participate in the work of the Council;
ensure that career structures are in place for members and officers to encourage participation and development.
<b>In order to achieve our aims we will detail within the Constitution:</b>
a clear statement of the respective roles and responsibilities of the Cabinet and of each cabinet member individually and the authority's approach towards putting this into practice;
a clear statement of the respective roles and responsibilities of each committee, elected members generally and of senior officers;
a clear statement of the role of Scrutiny including overview of Council activity and responsibility for holding Cabinet to account.
a scheme of delegation and reserve powers including a formal schedule of those matters specifically reserved for collective decision by full Council taking account of relevant legislation, and ensuring that it is monitored and updated when required;
a chief executive responsible and accountable to the authority for all aspects of operational management;
a protocol to ensure that the leader and chief executive share a clear understanding of their roles and objectives;
a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control;
a senior officer (the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with;
protocols to ensure effective communication between members and officers in their respective roles;
<b>we will also:</b>
set out terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective member remuneration panel;
ensure that effective mechanisms exist to monitor service delivery;

Peer reviews

ensure that the organisation’s vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated;
<b>when working in partnership we will:</b>
ensure that members are clear about their roles and responsibilities (both individually and collectively) to the partnership and to the authority;
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.

<b>F. Good governance means managing risks and performance through robust internal control and strong public financial management</b>	
<b>We will:</b>	
<b>Manage risk;</b> <b>Manage performance;</b> <b>Have robust systems of internal control;</b> <b>Manage data;</b> <b>Provide strong public financial management;</b>	
<b>In order to achieve this we will:</b>	<b>Evidence</b>
maintain an effective scrutiny function which encourages constructive challenge and enhances the Council’s performance overall and that of any organisation for which it is responsible;	Performance Management Framework Publication of agendas and minutes of meetings Evidence of improvements as a result of scrutiny Council Meeting Calendar Budget Monitoring Reports Member Development Financial standards and guidance Financial Regulations and standing orders
maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based;	
maintain arrangements to safeguard members and employees against conflicts of interest and processes to ensure that they continue to operate in practice;	

develop and maintain an effective audit / governance committee which is independent of the executive and scrutiny functions, and responsible for the Council's governance and control matters;	Effective internal audit service is resourced and maintained
ensure that a senior officer with responsibility for internal audit champions best practice and provides an objective opinion on all aspects of governance, risk management and internal control;	Internal & External Audit Plan
ensure that the Council maintains an effective, transparent and accessible complaints process;	Internal audit charter
ensure that those making decisions whether for the Council or a partnership are provided with information that is fit for the purpose; i.e. relevant, timely and gives clear explanations of technical issues and their implications;	Internal & External Audit Reports
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;	Annual Governance Statement
ensure that risk management is embedded into the culture of the Council, with members and managers at all levels recognising that risk management is part of their jobs;	Risk Management Strategy and use of GRACE
ensure that effective arrangements for whistleblowing are in place to which officers and all those contracting with or appointed by the authority have access;	Anti Fraud and Corruption Strategy and Fraud Response plan
observe all relevant legislative requirements and restrictions placed upon the Council, but strive to utilise the legislative powers to the full benefit of the community;	Whistleblowing policy
comply with both the specific requirements of legislation and the general responsibilities placed on the Council by public law;	Audit Committee complies with best practice / Governance Committee effectiveness review
observe all the requirements of general law, and in particular integrate the key principles of good administrative law – rationality, legality and natural justice – into procedures and decision-making processes;	Information Security framework
	Designated Data Protection Officer and Senior Information Risk Officer
	Data Protection Policies and Procedures
	Data sharing agreements
	Data Sharing Register
	Data Processing Agreements
	Data quality procedures and reports
	Data validation procedures



**G. Good governance means implementing good practices in transparency, reporting, and audit to deliver effective accountability**

**We will:**

- Implement good practice in transparency;**
- Implement good practices in reporting;**
- Provide assurance and effective accountability;**

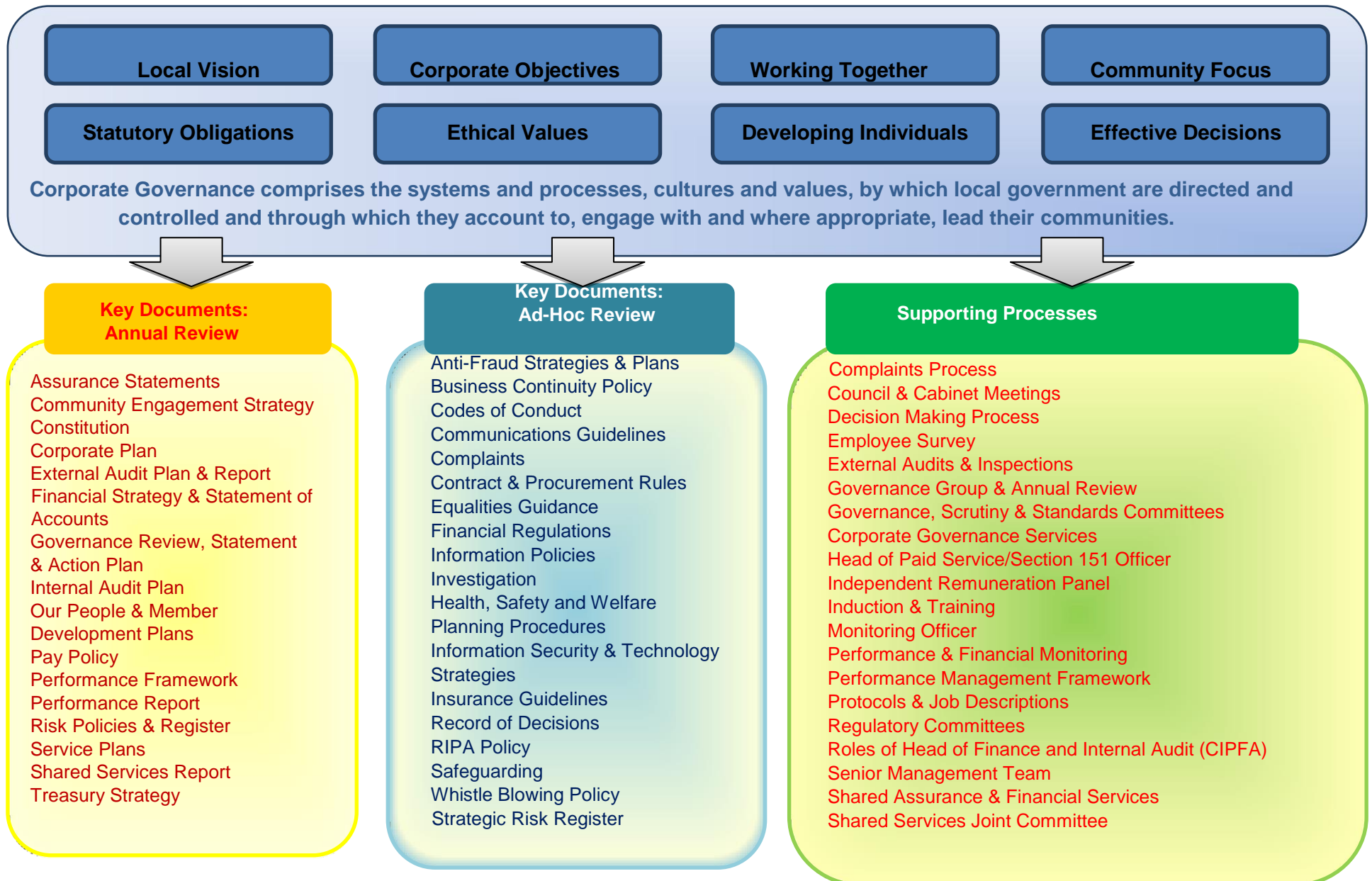
**In order to achieve this we will:**

**Evidence**

maintain a user friendly and up to date Website	Website
ensure that the Council's vision is delivered through the corporate plan and that it is clearly consulted, articulated and disseminated to all key stakeholders	Annual Report annual financial statements Annual Governance Statement
maintain a clear policy that supports consultation and engagement with the public and service users including an appropriate feedback mechanism for those consultees to demonstrate what has changed as a result;	Compliance with CIPFA's Statement of the Role of the Head of Internal Audit Compliance with Public Sector Internal Audit Standards Recommendations have informed positive improvement
ensure that the Council as a whole is open and accessible to the community, service users and its employees. That it is committed to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality where it is proper and appropriate to do so;	Community strategy Compliance with the Transparency Code Corporate Governance Group
wherever possible use plain English when writing reports	
An annual report to council on performance, value for money and the use of resources – such report to be approved and owned by Senior Management Team and members	
Provide Annual financial statements	
Provide Annual Governance Statement	
Demonstrate how positive improvements have followed on from any external audit recommendations	

Compliance with CIPFA's Statement on the Role of the Head of Internal Audit
Compliance with Public Sector Internal Audit Standards
Have an effective and robust Community Strategy

**CHORLEY BOROUGH COUNCIL CORPORATE GOVERNANCE FRAMEWORK**  
Principles, Statutory Obligations and Corporate Objectives



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