



Proud of our past. Energised for our future.

Local Code of Corporate Governance 2017

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Introduction

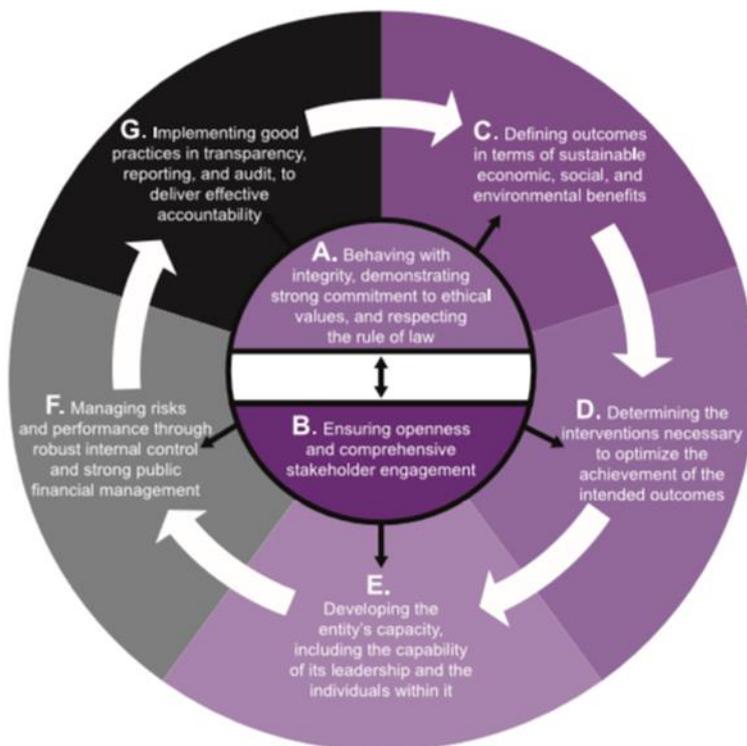
All of the decisions made by Copeland Borough Council about the services it delivers, and how to deliver them, are supported by a whole set of systems and processes which make up the Council's 'governance arrangements.' These include holding meetings where decisions are made, the Council's legal framework, setting out priorities and roles clearly, holding decision makers to account through scrutiny, risk management processes, financial monitoring and ensuring high standards of conduct. Local authorities are encouraged to demonstrate how they ensure effective governance arrangements are in place by setting these out in a local code of corporate governance.

Copeland Borough Council's 'Local Code of Corporate Governance' is based on the guidance 'Delivering Good Governance in Local Government,' published in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

The main principle underpinning the 'Delivering Good Governance in Local Government: Framework' continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policies and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The diagram below, taken from the 'International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014)' (the 'International Framework'), illustrates the various principles of good governance in the public sector and how they relate to each other.

Diagram 1: Good Governance in the Public Sector –‘Achieving the intended outcomes while acting in the public interest at all times’



The International Framework notes that:

Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

Requirements of the Framework

The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework by:

- Reviewing existing governance arrangements;
- Developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness; and
- Reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.

It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

Defining Governance

The International Framework defines governance as follows:

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

The International Framework also states that:

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's 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

Copeland Borough Council has adopted this Local Code of Corporate Governance with the intention of giving customers, residents and other stakeholders a clear understanding of how the Council intends to manage its decision making, service planning, service delivery and accountability processes, how it aims to ensure that the Council sets out its vision and priorities and how it aims to provide effective and efficient outcomes for its stakeholders.

This Local Code of Corporate Governance replaces the Code approved by Audit and Governance Committee on 28 May 2013 and applies to the annual governance statements prepared for the financial year 2016/17 onwards.

Annual Review and Reporting – the Annual Governance Statement

The Local Code will be subject to annual review to ensure its adequacy and its effectiveness will be assessed as part of the annual review process that will lead to the production of the Council's Annual Governance Statements from 2016/17 onwards.

Corporate Leadership Team and senior managers have a responsibility for reviewing governance standards in their areas of responsibility and for identifying and implementing any necessary improvement actions. Improvement actions will be reflected in the appropriate Service Plans and monitored on a frequent basis.

The Elected Mayor and Managing Director will ensure that an annual review of corporate governance arrangements is completed and give assurances on their adequacy in the published Annual Governance Statement, accompanying the Statement of Accounts.

Copeland Borough Council's Corporate Governance Framework

This section of the Local Code sets out how Copeland Borough Council aims to work to the Principles and Sub-principles of good corporate governance.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Summary:

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
<p>Behaving with integrity</p>	<ul style="list-style-type: none"> • Ensure that Members and Officers behave with integrity and lead a culture where acting in the public interest is visible and consistently demonstrated thereby protecting the reputation of the Council; • Ensure that Members take the lead in establishing specific standard operating principles or values for the Council and its staff and that they are communicated and understood. These will build on the Seven Principles of Public Life (the Nolan Principles); • Lead by example and use the above standard operating principles or values as a framework for decision making and other actions; and • Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which will be reviewed on a regular basis to ensure they are operating effectively. 	<ul style="list-style-type: none"> • Council Values • Officers Code of Conduct • Members Codes of Conduct • Officers Code of Conduct • Values considered with developing Corporate Strategy and Service Plans • Whistleblowing Policy • Counter Fraud and Corruption Strategy • National Fraud Initiative • Customer relationships and investigating complaints

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> • Seek to establish, monitor and maintain the Council's ethical standards and performance; • Underpin personal behaviour with ethical values and ensure they permeate all aspects of the Council's culture and operation; • Develop and maintain robust policies and procedures which place emphasis on agreed ethical values; and • Ensure that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the Council. 	
<p>Respecting the rule of law</p>	<ul style="list-style-type: none"> • Ensure Members and Officers demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations; • Create 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 provisions; • Strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders; • Deal with breaches of legal and regulatory provisions effectively; and • Ensure corruption and misuse of power are dealt with effectively. 	

Principle B: Ensuring openness and comprehensive stakeholder engagement

Summary:

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders*.

**Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.*

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
<p>Openness</p>	<ul style="list-style-type: none"> • Ensure an open culture through demonstrating, documenting and communicating the Council's commitment to openness; • Make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption will be for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided; • Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and be explicit about the criteria, rationale and considerations used. In due course, the Council will ensure that the impact and consequences of those decisions are clear; and • Use formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action. 	<ul style="list-style-type: none"> • Elected Mayor's Public Meetings • Public Consultations for Corporate Strategy • Customer Feedback Procedures and Reports • Human Resources Policies and Procedures • Occupational Health Procedures • Health & Safety Policies & Reporting • Engagement with Trade Unions • Overview & Scrutiny Committee Meeting Minutes and Work Plan • Public Engagement / Consultation • Website • Partnership Significance Assessment Scoreboard(s)

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> • Effectively engage 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; • Develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively; and • Ensure that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit. 	
Engaging stakeholders effectively, including individual citizens and service users	<ul style="list-style-type: none"> • Ensure that communication methods are effective and that Members and Officers are clear about their roles with regard to community engagement; • Encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs; • Implement effective feedback mechanisms in order to demonstrate how their views have been taken into account; • Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity; and • Take account of the interests of future generations of tax payers and service users. 	

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Summary:

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Sub Principles	Council’s Actions and Behaviours	Corporate Governance Framework
<p>Defining Outcomes</p>	<ul style="list-style-type: none"> • Have a clear vision, which is in an agreed formal statement of the Council’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the Council’s overall strategy, planning and other decisions; • Specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer; • Deliver defined outcomes on a sustainable basis within the resources that will be available; • Identify and manage risks to the achievement of outcomes; and • Manage service users’ expectations effectively with regard to determining priorities and making the best use of the resources available. 	<ul style="list-style-type: none"> • Corporate Strategy 2016-2020 • Copeland Growth Strategy 2016-2020 • 2016/17 and 2017/18 Service Plans • Consultation during budget process • Efficiency Plan 2016-2020 • Medium Term Financial Strategy 2016-2020 • External Audit Review • Audit & Governance Committee

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
<p>Sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> • Consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision; • Take a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints; • Determine 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; and • Ensure fair access to services. 	

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Summary:

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
<p>Determining interventions</p>	<ul style="list-style-type: none"> • Ensure 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; and • Consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. 	<ul style="list-style-type: none"> • Audit & Governance Committee • Financial Reporting • Financial Planning • Service Review Process • Monitoring Process • Quarterly Budget Monitoring • Performance Management • Internal Audits • Service Reviews

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
Planning interventions	<ul style="list-style-type: none"> • Establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets; • Engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered; • Consider and monitor risks facing each partner when working collaboratively including shared risks; • Ensure arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances; • Establish appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured; • Ensure capacity exists to generate the information required to review service quality regularly; • Prepare budgets in accordance with organisational objectives, strategies and the medium term financial plan; and • Inform medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy. 	
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • Ensure the medium term financial strategy integrates and balances service priorities, affordability and other resources constraints; • Ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term; • Ensure the medium term financial strategy 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 optimising resource usage; and • Ensure the achievement of 'social value' through service planning and commissioning. 	

Principle E: Developing the Council’s capacity, including the capability of its leadership and the individuals within it

Summary:

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub Principles	Council’s Actions and Behaviours	Corporate Governance Framework
<p>Developing the Council’s capacity</p>	<ul style="list-style-type: none"> • Review operations, performance and use of assets on a regular basis to ensure their continuing effectiveness; • Improve resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the Council’s resources are allocated so that outcomes are achieved effectively and efficiently; • Recognise the benefits of partnerships and collaborative working where added value can be achieved; and • Develop and maintain an effective workforce plan to enhance the strategic allocation of resources. 	<ul style="list-style-type: none"> • The Constitution • Regular meetings between Executive and Corporate Leadership Team • Leadership Management Group • Compliance with CIPFA guidance on the “the role of the chief finance officer” and “the role of the head of internal audit” • Partnership Boards • Health & Wellbeing Board • Performance Reports • Employees’ / Members’ Code of Conduct

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
<p>Developing the capability of the Council's leadership and other individuals</p>	<ul style="list-style-type: none"> • Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the leadership and that a shared understanding of roles and objectives is maintained; • Publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body; • Ensure the Elected Mayor and the Managing Director have clearly defined and distinctive leadership roles within a structure whereby the Corporate Leadership Team leads the Council in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority; • Develop the capabilities of Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <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 organisational requirements is available and encouraged; ○ Ensuring Members and Officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis; and ○ Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. • Ensure that there are structures in place to encourage public participation; 	<ul style="list-style-type: none"> • Member Development Programme • Portfolio Holder Meetings • Overview & Scrutiny Committee Work Plan and Meetings • Individual Appraisals • Member Development Programme • Job Descriptions and Person Specifications

	<ul style="list-style-type: none">• Take steps to consider the leadership's own effectiveness and ensure leaders are open to constructive feedback from peer review and inspections;• Hold staff to account through regular performance reviews which take account of training or development needs; and• Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.	
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Principle F: Managing risks and performance through robust internal control and strong public financial management

Summary:

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
<p>Managing risk</p>	<ul style="list-style-type: none"> • Recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making; • Implement robust and integrated risk management arrangements and ensure that they are working effectively; and • Ensure that responsibilities for managing individual risks are clearly allocated. 	<ul style="list-style-type: none"> • Risk Management Framework • Strategic and Operational Risk Management systems in place • Risks jointly owned by members, directors and officers

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
Managing performance	<ul style="list-style-type: none"> • Monitor service delivery effectively including planning, specification, execution and independent post-implementation review; • Make decisions based on relevant, clear, objective analysis and advice pointing out the implications and risks inherent in the Council's financial, social and environmental position and outlook; • Ensure 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 Council's performance and that of any organisation for which it is responsible; • Provide Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement; and • Ensure there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements). 	
Robust internal control	<ul style="list-style-type: none"> • Align the risk management strategy and policies on internal control with achieving objectives; • Evaluate and monitor the Council's risk management and internal control arrangements on a regular basis; • Ensure effective counter fraud and anti-corruption arrangements are in place; • Ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor; • Ensure an Audit and Governance Committee which is independent of the Executive and accountable to the Council: <ul style="list-style-type: none"> ○ Provides a further source of effective assurance regarding arrangement for managing risk and maintaining an effective control environment; and ○ That its recommendations are listened to and acted upon. 	

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
Managing Data	<ul style="list-style-type: none"> • Ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data; • Ensure effective arrangements are in place and operating effectively when sharing data with other bodies; and • Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring. 	
Strong public financial management	<ul style="list-style-type: none"> • Ensure financial management supports both long term achievement of outcomes and short-term financial and operational performance; and • Ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. 	

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Summary:

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
<p>Implementing good practice in transparency</p>	<ul style="list-style-type: none"> • Write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience ensuring that they are easy to access and interrogate; and • Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand. 	<ul style="list-style-type: none"> • Forward Plans, agendas and key decisions and minutes for all Committee meetings available publically via ModGov on Council's internet site • Work plan and meetings of the Overview & Scrutiny Committee • Audit & Governance Committee • Information Management Strategy 2016 and underpinning Information Management Framework documents • Confidential Reporting Policy in place (whistleblowing) • Arrangements in place for the discharge of duties for the posts of Head of Paid Service, Monitoring Officer, Chief Finance Officer and Head of Internal Audit

Sub Principles	Council's Actions and Behaviours	Corporate Governance Framework
<p>Implementing good practices in reporting</p>	<ul style="list-style-type: none"> • Report at least annually on performance, value for money and the stewardship of its resources to stakeholders in a timely and understandable way; • Ensure Members and senior management own the results; • Ensure robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publish the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (Annual Governance Statement); • Ensure that the Framework is applied to jointly managed or shared service organisations as appropriate; and • Ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations. 	<ul style="list-style-type: none"> • Legislative requirements of posts are highlighted • Training Needs Assessments (Appraisals) • Continuing Professional Development
<p>Assurance and effective accountability</p>	<ul style="list-style-type: none"> • Ensure that recommendations for corrective action made by external audit are acted upon; • Ensure an effective internal audit service with direct access to Members is in place which provides assurance with regard to governance arrangements and that recommendations are acted upon; • Welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations; • Gain assurance on risks associated with delivering services through third parties and evidence this in the Annual Governance Statement; and • Ensure that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met. 	