

## REPORT OF STANDARDS COMMITTEE

(Meeting held on 8 August 2003)

### 1. THE LOCAL AUTHORITIES (CODE OF CONDUCT) (LOCAL DETERMINATION) REGULATIONS 2003 (REPORT A) (MINUTE 20)

Complaints that a District, Parish or Town Councillor has broken the statutory Code of Conduct are referred initially to the Standards Board for England. Those that the Standards Board considers worthy of investigation are referred to an Ethical Standards Officer (ESO) appointed by the Board. Once the ESO has completed the investigation, a number of courses of action are open to him or her. One of these is to ask for the matter to be referred to the local Standards Committee for determination.

New Regulations, that came into force on 30 June 2003, give Standards Committees the duty to make decisions on complaints referred to it by an ESO. The Regulations lay down some of the process the Committee must follow. Where Regulations are not specific about a particular aspect of the process, they provide that the Committee has power to use such procedures it considers appropriate. The Committee needs to decide first, whether a breach of the Code occurred, and, if so, whether a penalty should be imposed. Penalties available are censure, restriction of access to Council premises or resources, or total or partial suspension of a member for up to 3 months or until he or she apologises or undertakes specified training or conciliation.

The number of determinations the Committee is likely to make cannot be foreseen, as it will depend on the number of complaints against Councillors that an ESO considers warrant investigation and possible penalty. However, it is known that if the Regulations had come into force in May 2002 (when the Code of Conduct became applicable), one such case would have been referred to the Committee in the 2002/03 Municipal Year.

The Committee has approved procedures for undertaking such determinations. The procedures are based on the requirements of the Regulations and statutory guidance issued by the Standards Board.

The Board advises that, while under the legislation all members of the Standards Committee may take part in a hearing if they choose, it is recommended that a small number of members (three or five) take part, as it is fairer and more efficient to hold a hearing before a small group. (In due course, legislation may permit Committees formally to delegate their responsibility for local determinations to a Sub-Committee). The Committee considers that in certain circumstances it may be appropriate to hold a hearing before three members. However, under Standing Orders for Meetings the minimum number for a quorum of the Committee is four. The Committee therefore requests that Council agrees to an amendment of Standing Orders.

#### **RECOMMENDED:**

***That a new Standing Order be inserted into Standards Orders for Meetings:***

***“30.5A When the Standards Committee is exercising its functions under the Local Authorities (Code of Conduct) (Local Determination) Regulations, a quorum of the Committee is three members”.***

**2. A LOCAL CODE OF CORPORATE GOVERNANCE (REPORT B) (MINUTE 21).**

The Committee has considered a draft Local Code of Corporate Governance. The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) have jointly published a framework for establishing a Local Code of Corporate Governance, and are strongly urging all local authorities to introduce such a Code in line with the published framework. The draft Code attached to this report follows the wording and lay-out used in that framework.

The principle behind the Code is to increase credibility, accountability and public confidence in the Council as part of the modernising agenda.

Subject to Council's approval of the Code, in order to demonstrate that the Code is effective and is being complied with, it is proposed that the Monitoring Officer and Head of Audit carry out an annual review of arrangements and report to the Committee on how they consider the Council is complying with the Code, together with any proposals that may be necessary to ensure its effectiveness in practice. The Chief Executive will then produce a "statement of assurance" – a public statement as to the extent to which the Council is considered to be complying with the Code. The statement will take into account the Committee's views.

It is hoped that public confidence will be strengthened by the fact that compliance with the Code is being monitored by a Committee that does not consist solely of District Councillors. The Committee however wished Council to be aware that, if the monitoring exercise should reveal shortcomings in the Council's compliance with the Code, it fears there might well be financial implications in putting them right. They also recognised there would be implications for officer time in conducting the monitoring exercise.

***RECOMMENDED:***

***That the Code of Corporate Governance attached at Appendix 1 to this report be approved.***

**Cllr J A G Hutchins  
Chairman**

## CODE OF CORPORATE GOVERNANCE

### 1. INTRODUCTION

- 1.1 Corporate governance is the system by which this Council will direct, manage and monitor its functions on behalf of its citizens. The fundamental principles that underpin good governance are openness, inclusivity, accountability, integrity and effectiveness.
- 1.2 The Council's Code of Corporate Governance is based on the good practice set out in the document 'A Keystone for Community Governance' produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE)
- 1.3 The corporate framework comprises of five key areas:
- Community Focus
  - Service Delivery Arrangements
  - Structures and Processes
  - Risk Management and Internal Control
  - Standards of Conduct.
- 1.4 The Standards Committee is responsible for monitoring the compliance with this Code.
- 1.5 The Council's Monitoring Officer and S151 officer will be responsible for reviewing compliance with this Code on an annual basis, and reporting the findings to the Standards Committee.

### 2. COMMUNITY FOCUS

- 2.1 The Council, through carrying out its general and specific duties and responsibilities and exerting wider influence within the community, will:

**Work for and with, and exercise leadership where appropriate, in the local community;**

**Promote the well-being of the area, where appropriate, through maintaining effective arrangements:**

For explicit accountability to stakeholders for our performance, effectiveness in the delivery of services and the sustainable use of resources;

That demonstrate integrity and openness in our dealings in building effective relationships with other public agencies and the private and voluntary sectors;

That demonstrate inclusivity by communicating and engaging with all sections of the community to encourage active participation;

That develop and articulate a clear and up-to-date vision and corporate strategy in response to community needs.

**2.2 To ensure these principles are complied with, the Council will:**

Publish each year its **annual financial accounts** in accordance with the statutory requirements; this report will confirm the Council's compliance with relevant professional standards and Code of Corporate Governance;

Publish by the 30<sup>th</sup> June each year, a **Best Value Performance Plan** which will present an objective and understandable account and assessment of its activities and achievements and its financial position and performance;

Engage in a professional relationship with External Auditors and Government Inspectors to allow independent scrutiny of its financial and operational processes;

Have in place a corporate vision and strategy in response to community needs;

Establish appropriate relationships and arrangements with voluntary groups, town and parish councils, other public sector organisations, businesses and other local interest groups to ensure they are able to engage with and contribute to the work of the Council;

Adopt proper arrangements to enable complaints against any aspect of the Council's activities to be easily made and properly addressed.

**3. SERVICE DELIVERY ARRANGEMENTS**

3.1 The Council, through ensuring that continuous improvement is sought, agreed policies are implemented and decisions are carried out, will:

**Discharge its accountability for service delivery at a local level;**

**Ensure effectiveness through setting targets and measuring performance;**

**Demonstrate integrity, in dealings with service users and in developing partnerships, to ensure the optimum provision of services;**

**Demonstrate openness and inclusivity through consulting with key stakeholders where appropriate;**

**Ensure policies and decisions are flexible and can be adapted to accommodate change and meet user wishes.**

**3.2 To ensure these principles are complied with the Council will:**

Ensure that it has a management structure which delivers effective, efficient and economic services;

Continually assess and adopt good practices in the delivery of services;

Maximise the resources available and allocate them according to priorities;

Adopt comprehensive performance plans and monitor and report performance in the delivery of services against the agreed standards and targets;

Provide good and relevant management information to measure performance;

Foster effective relationships with other public sector agencies, and the private and voluntary sectors.

#### **4. STRUCTURES AND PROCESSES**

4.1 The Council, through establishing effective political and managerial structures and processes to govern decision-making and the exercise of authority within the organisation will:

**Define the roles and responsibilities of members and officers to ensure clarity and accountability of its business;**

**Ensure that there is proper scrutiny and review of all aspects of its performance and effectiveness;**

**Demonstrate integrity by ensuring a proper balance of power and authority;**

**Document clearly and review such structures and processes and ensure that they are available, communicated and understood, and are capable of being adapted to accommodate change.**

4.2 **To ensure these principles are complied with, the Council will:**

Ensure there are proper protocols in place which clearly define the roles and responsibilities of and relationships between the Executive, ordinary members and officers;

Ensure there is corporate ownership of policy development and implementation by ensuring that the Executive provide effective strategic leadership to the authority and discharge the overall responsibilities of the Council;

Meet on a regular basis, with meetings open to the public except where reasons of confidentiality require the meeting to be closed;

Develop and maintain a scheme of delegation that reserves appropriate responsibilities to the Executive and also provides the powers necessary to officers to conduct routine business;

Put formal arrangements in place which govern the conduct of the Council's business, ensuring that all activities are legal and comply with financial regulations, are fully documented and appropriately authorised;

Ensure that members are properly trained for their roles and have access to relevant information, advice and resources as necessary for them to carry out their role effectively;

Ensure that a chief officer is made responsible 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;

Ensure that a chief officer is made responsible for all aspects of operational management;

Ensure that an officer is designated as the Monitoring Officer and that the responsibilities of the post are properly defined.

## **5. RISK MANAGEMENT AND INTERNAL CONTROL**

5.1 The Council has established a systematic strategy, framework and processes for managing risk that includes:

**Making public statements to stakeholders on its risk management strategy, framework and processes to demonstrate accountability;**

**Mechanisms for monitoring and reviewing effectiveness against agreed standards and targets and the operation of controls in practice;**

**Robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks;**

**Ensuring that risk management and control processes are monitored and complied with and reviewed regularly.**

5.2 **To ensure these principles are adhered to the Council will:**

Maintain effective and robust systems for identifying and evaluating all significant risks, including systems of internal control;

Ensure compliance with all statutes, regulations and relevant statements of best practice to provide assurance that public funds are properly safeguarded and are used economically, efficiently and effectively, and in accordance with agreed policies;

Maintain an internal audit function, and ensure that its staff are competent to perform their role;

Ensure that risk management systems, including systems of internal control and internal audit, are reviewed as part of the performance management system;

Include in the annual accounts, an objective and balanced assessment and statement of the Council's risk management and internal control mechanisms and their effectiveness in practice.

## **6. STANDARDS OF CONDUCT**

- 6.1 The reputation of the authority, in terms of good corporate governance, depends upon openness, integrity and accountability of its individual members and officers. To ensure these standards of conduct are adopted the Council will ensure that its members and officers:

**Exercise leadership by conducting themselves as role models for others within the authority;**

**Define the standards of personal behaviour that are expected from members and officers and all those involved in service delivery, and put in place arrangements to ensure:**

Accountability through establishing systems for investigating breaches and disciplinary problems and taking action where appropriate, including arrangements for redress;

Compliance with these systems are monitored;

Integrity is demonstrated by applying objectivity and impartiality in all relationships;

Standards are documented and clearly understood, and reviewed on a regular basis.

- 6.2 **To ensure these principles are adhered to, the Council will have in place:**

Formal Codes of Conduct which define the standards of personal behaviour to which members, officers and agents of the Council are required to adopt;

Appropriate processes and systems to ensure all Codes of Conduct are complied with;

Operational procedures that reinforce compliance with appropriate ethical standards;

Codes of Conduct, Standing Orders as to Contracts, Financial Regulations and other Codes as appropriate, to ensure that members and officers are not prejudiced, biased or subject to conflicts of interest, in their dealings on behalf of the Council;

Arrangements for reporting concerns at work (whistle blowing) that are accessible to all staff and contractors.