LOCAL CODE OF GOOD GOVERNANCE – THE NEW FRAMEWORK

1.   INTRODUCTION

1.1   Since 2008 the Council has adopted a Local Code of Corporate Governance based on the framework produced by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE)

1.2   In 2016 CIPFA/SOLACE carried out a review of their framework to ensure that it still reflects the environment in which Councils are operating and to also reflect the International framework which had been developed by CIPFA and the International Federation of Accountants (IFAC) in 2014.

1.3   As a result of their review in April 2016 CIPFA/SOLACE published a new framework document "Delivering Good Governance in Local Government Framework 2016 Edition" with the key focus of governance processes and structures centring on the attainment of sustainable economic, societal and environmental outcomes. The new framework centres on the following 7 core principles.

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 International Framework notes that principles A and B permeate implementation of principles C to G.

1.4   Each Local Authority should have a code that reflects these principles and be committed to improving governance on a continuing basis. The process of evaluation and review will be undertaken annually by the Monitoring Officer (Governance and Regulation Executive Head) and Principal Auditor. This report therefore proposes a revised code for adopting which follows these principles.

2.   NEW LOCAL CODE OF CORPORATE GOVERNANCE

2.1   A revised code has been drafted and is attached as Appendix 1. This code follows the recommended text in the CIPFA/SOLACE framework.

3.   FINANCIAL IMPLICATIONS

3.1   Although there are no direct financial implications arising from this report, good governance arrangements provide assurance in respect of financial management.

4.   ENVIRONMENTAL MATTERS

4.1   There are no environmental matters arising directly from this report.

5.   CRIME AND DISORDER IMPLICATIONS

5.1   Ethical behaviour in terms of avoiding fraud and corruption is an intrinsic element of corporate governance and this report provides assurance in that regard.

6.   EQUALITY AND DIVERSITY IMPLICATIONS

6.1   There are no equality and diversity implications arising directly from this report.

7.   RECOMMENDATIONS

7.1   It is recommended that the new version of the Local Code of Corporate Governance, as attached as Appendix 1, be approved.

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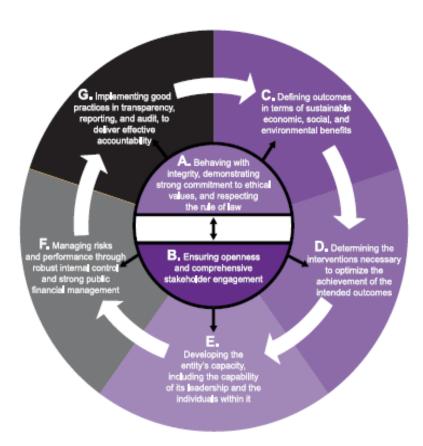E-mail: glenda.chambers@nfdc.gov.uk

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Local Code of Corporate Governance

New Forest District Council recognises the need for effective corporate governance arrangements and has a range of systems policies and procedures designed to achieve this. The Council also recognises that effective local government relies upon establishing and maintaining the confidence of the public in both the elected members and the officers of the Council.

In adopting this local code, the Council is committing itself to maintaining and improving these arrangements.

PRINCIPLE A: This is about how an organisation behaves with integrity, demonstrates strong commitment to ethical values, and respects the rule of law.	
Sub-principle	
Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistent. 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 Leading by example and using the above standard operating principles or values as a framework for decision making and other actions. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes.
Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisation's ethical standards and performance. Underpinning personal behaviour with ethical values. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values Ensuring 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 organisation.
Respecting the rule of law	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. 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. Dealing with breaches of legal and regulatory provisions effectively. Ensuring corruption and misuse of power are dealt with effectively.

PRINCIPLE B: This principle is about demonstrating how an organisation ensures openness and comprehensive stakeholder engagement.	
Sub-principle	
Openness	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses

	of action.
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. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. Ensuring 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 with individual citizens and service users effectively	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. Ensuring that communication methods are effective. Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity. Taking account of the impact of decisions on future generations of tax payers and service users.

PRINCIPLE C: This principle is about how an organisation defines outcomes in terms of sustainable economic, social and environmental benefits.	
Sub-principle	
Defining outcomes	Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions. Specifying 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. Delivering defined outcomes on a sustainable basis within the resources that will be available. Identifying and managing risks to the achievement of outcomes. Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.
Sustainable economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential

	conflicts between the organisation's intended outcomes and short-term factors such as the 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. Ensuring fair access to services.

PRINCIPLE D: This principle is about how an organisation determines the interventions necessary to optimize the achievement of the intended outcomes.

Sub-principle	
Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Considering 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.
Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. Considering and monitoring risks facing each partner when working collaboratively, including shared risks. Establishing appropriate key performance indicators as part of the planning process. Ensuring capacity exists to generate the information required to review service quality regularly. Preparing budgets in accordance with objectives, strategies and the medium term financial plan. Informing 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	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. Ensuring 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. Ensuring the achievement of 'social value' through service planning and commissioning.

PRINCIPLE E: This principle demonstrates how the organisation develops the entity's capacity, including the capability of its leadership and the individuals within it.	
Sub-principle	
Developing the entity's capacity	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently
	Recognising the benefits of partnerships and collaborative working where added value can be achieved
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources
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.
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.
	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure.
	Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development is available and encouraged
	Ensuring that there are structures in place to encourage public participation.
	Holding staff to account through regular performance reviews which take account of training or development needs
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

PRINCIPLE F: This principle demonstrates how the organisation manages risks and performance through robust internal control & strong public financial management.	
Sub-principle	
Managing risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
	Ensuring that responsibilities for managing individual risks are clearly allocated.
Managing performance	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.
	Making decisions based on relevant, clear objective analysis and advice.
	Ensuring an effective scrutiny or oversight function is in place which

	provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible.
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).
Robust internal control	Aligning the risk management strategy and policies on internal control with achieving objectives.
	Evaluating risk management and internal control on a regular basis.
	Ensuring effective counter fraud and anti-corruption arrangements are in place.
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
	Ensuring an audit committee, which is independent of the executive and accountable to the governing body:
	• provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment.
	• that its recommendations are listened to and acted upon.
Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.
	Reviewing the quality and accuracy of data used in decision making and performance monitoring.

PRINCIPLE G: This principle demonstrates how an organisation implements good practices in transparency, reporting and audit to deliver effective accountability.	
Sub-principle	
Implementing good practice in transparency	Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous.
Implementing good practices in reporting	Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.
	Ensuring members and senior management own the results reported.
	Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance.

	Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.
	Ensuring 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.
Assurance and effective accountability	Ensuring that recommendations for corrective action made by external audit are acted upon.
	Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.
	Gaining assurance on risks associated with delivering services through third parties.
	Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.