Code of Corporate Governance

2019-2020

March 2020

STROUD DISTRICT COUNCIL

Contents

Introduction

The Council's Code of Corporate Governance is based upon the CIPFA / SOLACE publication entitled "Delivering Good Governance in Local Government: Framework 2016 Edition."

What do we mean by Governance?

'The International Framework: Good Governance in the Public Sector' defines 'governance' as comprising the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The Framework also states that to deliver good governance in the public sector both governing bodies and individuals working for them must aim to achieve the Council's objectives while acting in the public interest at all times.

Core Principles

The Council's Code of Corporate Governance is based on seven 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 Council'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; and

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

The Code specifically identifies the actions and behaviours taken by the Council in relation to each of these core principles and associated sub principles. The Code, along with its supporting infrastructure is set out below at Appendix A and is summarised in diagrammatic form in Appendix B.

The Audit and Standards Committee is currently responsible for approving this Code and ensuring it is annually reviewed and updated accordingly.

Appendix A - Actions and behaviours taken by the Council that demonstrate good governance.

Principle	Sub Principles	Council Actions and Behaviours
(A) Behaving with integrity, demonstrating strong Commitment to ethical values, and respecting the rule of law	**Behaving with integrity**	▪ 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.
	Demonstrating strong commitment to ethical values	▪ 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.
	Respecting the Rule of Law	▪ Ensure Members and staff 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 is dealt with effectively.
(B) Ensuring openness and comprehensive stakeholder engagement	**Openness**	▪ 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 will be provided; ▪ Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and will 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.
	Engaging comprehensively with institutional stakeholders	▪ 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	▪ Establish a clear policy on the type of issues that the Council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes; ▪ 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	Sub Principles	Council Actions and Behaviours
(C) Defining outcomes in terms of sustainable economic, social and environmental benefits	Defining outcomes	▪ Have a clear vision, which is 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.
	Sustainable economic, social and environmental benefits	▪ 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.
(D)Determining the interventions necessary to optimise the achievement of the intended outcomes	Determining interventions	▪ 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.
	Planning interventions	▪ 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	▪ Ensure the medium term financial plan integrates and balances service priorities, affordability and other resource 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 plan 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. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community…over and above the direct purchasing of goods, services and outcomes".

Principle	Sub Principles	Council Actions and Behaviours
(E) Developing the Council's capacity, including the capability of its leadership and the individuals within it	**Developing the Council's capacity**	▪ Review operations, performance 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.

	Developing the capability of the Council's leadership and other individuals	▪ Develop 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;
		▪ 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 Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive 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:
		  ➢ 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;
		▪ 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.

(F) Managing risks and performance through robust internal control and strong public financial management	**Managing Risk**	▪ 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.
	Managing Performance	▪ 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	▪ 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 Standards Committee which is independent of the executive and accountable to the Council:
		  ➢ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and
		  ➢ that its recommendations are listened to and acted upon.

Principle	Sub Principles	Council Actions and Behaviours
(F) Managing risks and performance through robust internal control and strong public financial management	**Managing Data**	▪ 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	▪ 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.
(G)Implementing good practices in transparency, reporting and audit to deliver effective accountability	**Implementing good practice in transparency**	▪ 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.
	Implementing good practices in reporting	▪ 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.
	Assurance and effective accountability	▪ 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.

Appendix B – Stroud District Council's Corporate Governance Framework

'The International Framework: Good Governance in the Public Sector' defines 'governance' as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The framework also states that to deliver good governance in the public sector both governing bodies and individuals working for them must try to achieve the Council's objectives while acting in the public interest at all times.							
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 optimise the achievement of the intended outcomes**	**(E) Developing the Council'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**
Evidence of Good Governance	The Constitution	Corporate Delivery Plan 2018-2022 & 2019/20	Committee Reports	Corporate Consultation Strategy	The Constitution	The Constitution	The Constitution / Audit and Standards Committee
	Schemes of Delegation / Decision Making Protocols	Decision Making Protocols	Corporate Delivery Plan 2018-2022 & 2019/20	Budget Consultation	Member Development Framework	Audit and Standards Committee	Committee Framework
	Audit and Standards Committee	LGA Corporate Peer Challenge Review	Committee Framework	Stakeholder Engagement	Member Induction Programme	Committee Framework	Decision Making Protocols
	Committee Framework	Public Meetings	Decision Making Protocols	Option Appraisals	Skills for Stroud –Work Experience Charter	Financial Regulations Procurement Strategy	External audit of accounts and value for money opinion
	Financial Regulations	Public Consultations	Procurement Strategy Procedures / Guidance	Gloucestershire Vision 2050 Leadership Gloucestershire	Corporate Competency Framework	External audit of accounts and value for money opinion / Statement of Accounts / Medium Term Financial Plan	Annual Statement of Accounts
	Statutory Officers Roles: Chief Executive, Chief Financial Officer / Monitoring Officer / Legal Services	Communications Protocol	Social Value Policy sits within Appendix 3 of the Procurement Strategy	Medium Term Financial Plan	Peer Reviews / External Inspection	Risk Management Policy / Strategy / Toolkit	Annual Governance Statement / Assurance Framework
	Members and Employees Codes of Conduct Member/ Officers Register of Interests / Register of Gifts and Hospitality	Corporate performance, financial and risk reporting framework	Service Strategic Plans	Decision Making Protocols	Benchmarking	Information Governance / ICT Security Policy / Data Protection Policy and associated Privacy Notice	Internal Audit Service Chief Internal Auditors Annual Opinion / Report
	Planning Protocol	Open Data and Transparency Code	Service Level / Outcome Agreements	Risk Management Policy / Strategy Strategic Risk Register	Internally led reviews / independent challenge	Corporate and Operational Risk Registers	Review Panels (Planning and Housing)
	Protocol for Member Officer Relations	Customer feedback / Complaints Policy	Service Business Plans	Alternative Service Delivery Models	Alternative Service Delivery Models	Risk Based Internal Auditing Service / Plan	Strategic performance, financial and risk reporting framework
	Anti-fraud and Corruption Policy and Strategy 2017-19	FOI Publication Scheme	Risk Management Policy / Strategy Strategic Risk Register	Corporate performance, financial and risk reporting framework	Shared Services Programme	Chief Internal Auditors Annual Opinion / Report	Open Data and Transparency Code
	Anti-Bribery and Anti Money Laundering Policies (Appendices 4 and 5)	Annual Statement of Accounts and Annual Governance Statement published	Corporate performance, financial and risk reporting framework	Service Business Plans	Staff development programme including Action Learning Sets, Management Development Programme, Apprenticeships.	Corporate performance, financial and risk reporting framework / Member performance management	Website

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Core Principles	**(H) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**	**(I) Ensuring openness and comprehensive stakeholder engagement**	**(J) Defining outcomes in terms of sustainable economic, social, and environmental benefits**	**(K) Determining the interventions necessary to optimise the achievement of the intended outcomes**	**(L) Developing the Council's capacity, including the capability of its leadership and the individuals within it**	**(M) Managing risks and performance through robust internal control and strong public financial management**	**(N) Implementing good practices in transparency, reporting, and audit to deliver effective accountability**
Evidence of Good Governance	Whistleblowing Policy	Decision making committees and council meetings held in public and webcast to maximise accessibility.	Environment Strategy 2007-2027	Project Management	Safety, Health and Wellbeing promotion	Anti-fraud and Corruption Policy / Strategy, Anti Bribery Policy / Anti Money Laundering Policy	Freedom of Information (FOI) reports published
	Risk Management Policy / Strategy	Website	Option Appraisals	Review Panels (Planning and Housing)	Council wide training on new legislation (e.g. data protection)	Emergency / Business Continuity Management	Complaints Annual Report
	Equality and Diversity Policy		Corporate Asset Management Strategy 2016-2021	Corporate Asset Management Strategy 2016-2021	Jobs and Growth Plan 2013-2018		
			Contaminated Land Strategy				

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