

Forest Heath District Council
Code of Corporate Governance

1. Introduction

- 1.1 This document sets out how Forest Heath aims to apply the principles of Corporate Governance. It has been developed in accordance with best practice outlined in the *Delivering Good Governance in Local Government Framework, Application Note to Delivering Good Governance in Local Government: a Framework, and the Delivering Good Governance in Local Government: Guidance Note for English Authorities*, all published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).
- 1.2 The council first published a Code of Corporate Governance in 2007. This has been subject to an annual review to ensure that it reflects best practice. As such, the council is committed to the principles of good governance and will maintain its commitment through the development, adoption and continued maintenance of this Code of Corporate Governance.
- 1.3 The council is required to develop and maintain an up-to-date Code of Corporate Governance and to prepare an Annual Governance Statement (AGS) in order to report publicly on the extent to which the council complies with this Code.

2. Defining governance

- 2.1 CIPFA and SOLACE define governance as being about how the council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 2.2 It comprises the systems and processes and cultures and values, by which the council is directed and controlled and through which it is accountable to, engages with, and leads communities.
- 2.3 Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables the council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk and opportunity.

3. Principles of good governance

- 3.1 The council recognises the six core principles of good governance which are:
 1. focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
 2. members and officers working together to achieve a common purpose with clearly defined functions and roles;
 3. promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

4. taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. developing the capacity and capability of members to be effective; and
6. engaging with local people and other stakeholders to ensure robust public accountability.

4. Applying the principles of good governance

4.1 CIPFA/SOLACE have identified that the six principles of good governance have a number of supporting principles, which in turn have a range of specific requirements that apply across the council's business. The following tables show how each of the principles should be applied. Compliance with these principles will be subject to annual review (see section 5 of the Code).

Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area	
Supporting principle	The council is required to:
Exercising strategic leadership by developing and clearly communicating the council's purpose and vision and its intended outcome for citizens and service users	<p>Develop and promote the council's purpose and vision.</p> <p>Review on a regular basis the council's vision for the local area and its implications for the council's governance arrangements.</p> <p>Ensure that partnerships are underpinned by a common vision of the council's work that is understood and agreed by all partners.</p> <p>Regularly communicate the council's activities and achievements, its financial position and performance.</p>
Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.	<p>Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.</p> <p>Put in place effective arrangements to identify and deal with failure in service delivery.</p>
Ensuring that the council makes best use of resources and that tax payers and service users receive excellent value for money.	<p>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.</p> <p>Measure the environmental impact of policies, plans and decisions.</p> <p>Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the</p>

	<p>authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.</p> <p>Ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary.</p> <p>Ensure compliance with CIPFA’s Code on a Prudential Framework for Local Authority Capital Finance and CIPFA’s Treasury Management Code.</p>
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Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles

Supporting principle	The council is required to:
<p>Ensuring effective leadership throughout the council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.</p>	<p>Within the Constitution:</p> <p>(i) set out a clear statement of the respective roles and responsibilities of the Cabinet and Portfolio Holders individually, and the council’s approach towards putting this into practice; and</p> <p>(ii) set out a clear statement of the respective roles and responsibilities of other councillors, committees and senior officers.</p> <p>Ensure that the Head of Resources and Performance (hereafter referred to as the Chief Finance Officer (CFO)) reports directly to the Chief Executive and is a member of the leadership team with a status at least equivalent to other members. If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact.</p>
<p>Ensuring that a constructive working relationship exists between members and officers and that the responsibilities of members and officers are carried out to a high standard.</p>	<p>Determine the scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the council, taking account of relevant legislation, and ensure that it is monitored and updated when required.</p> <p>Make the Chief Executive responsible and accountable to the council for all aspects of operational management.</p> <p>Ensure that the authority’s governance arrangements allow the CFO direct access to the Chief Executive and to other leadership team members.</p> <p>Develop protocols to ensure that the Leader and</p>

	<p>Chief Executive have a shared understanding of their roles and objectives.</p> <p>Make a senior officer (the S151 officer) responsible to the council 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.</p> <p>Appoint a professionally qualified CFO whose core responsibilities include those set out in the Statement on the Role of the CFO in Local Government and ensure that they are properly understood throughout the authority</p> <p>Ensure that the CFO:</p> <ul style="list-style-type: none"> • leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; • has a line of professional accountability for finance staff throughout the organisation; and • ensures that budget calculations are robust and reserves adequate, in line with CIPFA's guidance <p>Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role.</p> <p>Make a senior officer (the Monitoring Officer) responsible to the council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.</p>
<p>Ensuring relationships between the council, its partners and public are clear so that each knows what to expect of the other.</p>	<p>Develop protocols to ensure effective communication between members and officers in their respective roles.</p> <p>Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel (if applicable).</p> <p>Ensure that effective mechanisms exist to monitor service delivery.</p> <p>Ensure that the council's vision, strategic plans,</p>

	<p>proprieties 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.</p> <p>Establish a medium-term business and financial planning process to deliver strategic objectives including:</p> <ul style="list-style-type: none"> • a medium-term financial strategy to ensure sustainable finances; • a robust annual budget process that ensures financial balance; and • a monitoring process that enables this to be delivered. <p>Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.</p> <p>When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and the council.</p> <p>When working in partnership:</p> <ul style="list-style-type: none"> • Ensure that there is clarity about the legal status of the partnership • Ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions
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Principle 3: Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	
Supporting principle	The council is required to:
<p>Ensuring members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.</p>	<p>Ensure that the council’s leadership sets a tone for the organisation by creating a climate of openness, support and respect.</p> <p>Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the council, its partners and the community are defined and communicated through codes of conduct and protocols.</p> <p>Put in place arrangements to ensure that members and employees of the council are not influenced by prejudice, bias or conflicts of</p>

	<p>interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.</p>
<p>Ensuring that organisational values are put into practice and are effective</p>	<p>Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with members, officers, the community and partners.</p> <p>Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.</p> <p>Ensure that systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.</p> <p>Develop and maintain an effective standards committee.</p> <p>Use the council's shared values to act as a guide for decision-making and as a basis for developing positive and trusting relationships.</p> <p>In pursuing the vision of a partnership, agree a set of values against which decision-making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p>

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	
Supporting principle	The council is required to:
<p>Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.</p>	<p>Develop and 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.</p> <p>Ensure an effective internal audit function is resourced and maintained.</p> <p>Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</p> <p>Put in place arrangements to safeguard members</p>

	<p>and officers against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.</p> <p>Develop and maintain an effective audit committee which is independent of the executive and scrutiny functions or make other arrangements for the discharge of the functions of such a committee.</p> <p>Ensure that the authority's governance arrangements allow the CFO direct access to the Audit Committee and External Audit.</p> <p>Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.</p>
<p>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.</p>	<p>Ensure that those making decisions whether for the council or the partnership are provided with information that is fit for the purpose – relevant, timely and giving clear explanations of technical issues and their implications.</p> <p>Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority.</p> <p>Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision-making and used appropriately.</p> <p>Ensure the authority's governance arrangements allow the CFO to bring influence to bear on all material decisions.</p> <p>Ensure that advice is provided on the levels of reserves and balances in line with good practice guidance.</p>
<p>Ensuring that an effective risk management system is in place</p>	<p>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 role.</p> <p>Ensure the authority's arrangements for financial and internal control and for managing risk are addressed in annual governance reports.</p> <p>Ensure the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision,</p>

	<p>management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.</p> <p>Ensure that effective arrangements for whistle-blowing are in place to which officers, the public and all those contracting with or appointed by the council have access.</p>
Using their legal powers to the full benefit of the citizens and communities in their area.	<p>Actively recognise the limits of lawful activity placed on the council by, for example, the ultra vires doctrine, but also strive to utilise their powers to the full benefit of their communities.</p> <p>Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on the council by public law.</p> <p>Observe all specific legislative requirements placed upon the council, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into procedures and decision-making processes.</p>

Principle 5: Developing the capacity and capability of members to be effective

Supporting principle	The council is required to:
Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.	<p>Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.</p> <p>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.</p> <p>Ensure the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role.</p> <p>Review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised.</p> <p>Provide the finance function with the resources, expertise and systems necessary to perform its role effectively.</p>

<p>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.</p>	<p>Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.</p> <p>Embed financial competencies in person specifications and appraisals.</p> <p>Ensure that councillors' roles and responsibilities for monitoring financial performance/budget management are clear, that they have adequate access to financial skills and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities.</p> <p>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.</p> <p>Ensure that effective arrangements are in place for reviewing the performance of the council as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs.</p>
<p>Encouraging new talent for membership of the council so that best use can be made of individuals' skills and resources in balancing continuity and renewal.</p>	<p>Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the council.</p> <p>Ensure that career structures are in place for members and officers to encourage participation and development.</p>

Principle 6: Engaging with local people and other stakeholders to ensure robust accountability.

Supporting principle	The council is required to:
<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.</p>	<p>Ensure that members and officers understand their accountabilities to the community and this is clearly communicated.</p> <p>Consider those institutional stakeholders to whom the council is accountable and assess the effectiveness of the relationships and any changes required.</p> <p>Produce an annual report on the activity of the scrutiny function.</p>

<p>Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the council, in partnership or by commissioning.</p>	<p>Ensure that clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively.</p> <p>Hold meetings in public unless there are good reasons for confidentiality.</p> <p>Ensure that arrangements are in place to enable the council to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.</p> <p>Establish a clear policy on the types of issues the council will meaningfully consult on or engage with the public and services users about including a feedback mechanism for those consultees to demonstrate what has changed as a result.</p> <p>On an annual basis, publish 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 in the previous period.</p> <p>Ensure that the council as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.</p>
<p>Making best use of human resources by taking an active and planned approach to meet responsibility of staff.</p>	<p>Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision-making.</p>

5. Annual review and reporting

- 5.1 Each year the council will carry out a review of its governance arrangements using the above principles as a guide. The review will ensure compliance with this Code and any emerging good practice. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively, and where any gaps are observed, to identify action which is planned to ensure effective governance in the future.

- 5.2 The outcome of the review will take the form of an Annual Governance Statement prepared on behalf of the Leader of the Council and Chief Executive. It will be submitted to the Performance and Audit Scrutiny Committee for consideration and review. The Annual Governance Statement will contain an action plan to address any areas identified for improvement from the review.
- 5.3 The preparation and publication of the Annual Governance Statement meets the statutory requirement of the Accounts and Audit Regulations which require authorities to 'conduct a review at least once a year of the effectiveness of its system of internal control' and to prepare the statement 'in accordance with proper practices'.

6. Conclusion

- 6.1 Forest Heath District Council is fully committed to the principles of corporate governance, and through the measures outlined within this Code, will ensure that adequate arrangements are made with regard to its continued implementation, monitoring and review.

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