

**North East Derbyshire District Council**

**Cabinet**

**8 July 2015**

**Code of Corporate Governance**

**Report No: GBXR/07/15-16/BM of Councillor G Baxter MBE, Leader and Portfolio Holder with Responsibility for Building a Better Council**

This report is public

**Purpose of the Report**

- To seek Cabinet approval for the revised Code of Corporate Governance which has been previously considered and recommended to Cabinet by the Council's Audit and Corporate Governance Scrutiny Committee.

**1 Report Details**

**Background Information**

- 1.1 The Council's Code of Corporate Governance is reviewed and approved by Members on an annual basis. It is available on the Council's website and is indicative of the Council's determination to ensure that we continue to operate in line with the principles of good governance. The proposed Revised Code which was previously considered by the Audit and Corporate Governance Committee at its meeting on 25 June 2015 is attached for consideration by Cabinet. It is intended that a consideration of the issue of Corporate Governance will be undertaken as part of the Member Development Programme.
- 1.2. The importance of good governance to an organisation is perhaps best summarised by the following extract from the CIPFA/SOLACE (Society of Local Authority Chief Executives) publication Delivering Good Governance in Local Government (2012) which established the framework which underpins the recommended local Code attached as **Appendix 1**:

"The principles and standards set out in the Framework are aimed at helping local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of business. The Framework is helping authorities to improve their performance, give local people better local services and provide stronger leadership for communities.

The Framework emphasises the importance of good governance to the wider outcomes of good management, good performance, and good

public engagement. It puts high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, and so set the tone for the rest of the organisation.”

## **2 Conclusions and Reasons for Recommendation**

- 2.1 To ensure the Council has a revised and up to date Code of Corporate Governance in place and that the Council has the opportunity to review its Governance procedures and standards.

## **3 Consultation and Equality Impact**

- 3.1 The Code of Corporate Governance is available on the Council’s website. Internally debate and consultation will be ensured by the fact that the Audit and Corporate Governance Scrutiny Committee has recommended the revised Code to Council and by considering the Code as part of the Member Development Programme.
- 3.2. There are no equality issues arising directly from this report.

## **4 Alternative Options and Reasons for Rejection**

- 4.1 These are as detailed in the Code of Corporate Governance attached as Appendix 1.

## **5 Implications**

### **5.1 Finance and Risk Implications**

- 5.1.1 There are no additional financial implications arising out of this report.
- 5.1.2 A weakening of the Council’s Governance arrangements is one of the identified Strategic Risks which the Council needs to effectively manage in order to ensure that it continues to operate in a cost effective manner. By revising our Code of Corporate Governance on a regular basis the Council is in a better position to ensure that its Governance arrangements remain fit for purpose. The development and approval of a Code of Corporate Governance are part of the arrangements designed to mitigate against the risk of a failure of the Council’s Governance arrangements.

### **5.2 Legal Implications including Data Protection**

- 5.2.1 There are no specific legal issues arising directly from this report.
- 5.2.2 There are no data protection issues arising directly from this report.

### **5.3 Human Resources Implications**

- 5.3.1 None arising directly from this report

## 6 Recommendations

- 6.1 That Cabinet approve the revised Code of Corporate Governance attached as Appendix 1 and request that it be published on the Council's website.

## 7 Decision Information

|  |                 |
|--|-----------------|
| <b>Is the decision a Key Decision?</b><br>(A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards) | No              |
| <b>District Wards Affected</b>   | None Directly.  |
| <b>Links to Corporate Plan priorities or Policy Framework</b>  | All Priorities. |

## 8 Document Information

| <b>Appendix No</b>   | <b>Title</b>                       |                       |
|--|------------------------------------|-----------------------|
| 1.   | Local Code of Corporate Governance |                       |
| <b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) |                                    |                       |
|  |                                    |                       |
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# **Appendix 1**

**CODE OF CORPORATE GOVERNANCE**

**NORTH EAST DERBYSHIRE DISTRICT COUNCIL**

**LOCAL CODE OF CORPORATE GOVERNANCE**

## EXECUTIVE SUMMARY

Governance comprises systems and processes for the direction and control of local authorities through which they account to, engage with, and lead their communities. In other words, it is about how local authorities ensure that they are doing the right things, in the right way, for local people in a timely, inclusive, open, honest and accountable manner.

This Local Code of Corporate Governance has been developed to ensure that North East Derbyshire District Council has, and will continue to have, exemplary standards of governance which comply with best practice.

The first part of this document sets out the background to the Code following the publication of the revised Delivering Good Governance Framework issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Council Chief Executives and Senior Managers (SOLACE) in 2012.

The CIPFA/SOLACE Framework identified six principles of good corporate governance:

- (i) Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area;
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- (iii) Promoting the values of the Authority and demonstrating the values of good governance through behaviour;
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- (v) Developing the capacity and capability of Members to be effective and ensuring that officers (including statutory officers) also have the capability to deliver effectively;
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

In the second part of this document, the Council's progress against each of these principles and their supporting framework is tracked and documented. This second section is largely based on the information used to develop the Council's Annual Governance Statement.

Progress against the principles set out in this Code will be monitored and reviewed on an on-going basis, with a formal report brought before Members at least annually.

## INTRODUCTION

### 1 Background

- 1.1 In 2001, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Council Chief Executives and Senior Managers (SOLACE), together with the support of a number of other key organisations, formed a working party with the aim of drawing together the key principles of corporate governance into a single framework for use in local government.
- 1.2 This followed the work by Lord Cadbury into good governance and Lord Nolan into standards in public life, as well as primary legislation, and culminated in the publication of a governance framework entitled *Corporate Governance in Local Government: A Keystone for Community Governance*.
- 1.3 This Framework recommended that local authorities review their existing governance arrangements against a number of key principles and report annually on their effectiveness in practice. Through the adoption and development of the Framework, authorities were encouraged to meet the standards of the best.
- 1.4 Since the Framework was published, local government has undergone a number of changes designed to improve local accountability and engagement in local government. This has included on-going changes to democratic structures and the ethical framework.
- 1.5 To meet these challenges, the CIPFA and SOLACE Working Party was reformed and the original Framework was revised. The revised Framework builds on the governance work in both the public and private sectors and, in particular, the principles set out in *Delivering Good Governance in Local Government* publication.
- 1.6 In order to achieve good governance, the revised Framework recommends that each local authority should be able to demonstrate that they are complying with the principles contained within the Framework. This should be done through the development and maintenance of a local code of corporate governance.
- 1.7 This document has been developed to ensure that North East Derbyshire District Council has, and continues to have, exemplary standards of governance which comply with the principles set out in the CIPFA/SOLACE Framework.

### 2 What Do We Mean By Governance?

- 2.1 The Council has adopted the CIPFA/SOLACE Framework's definition of corporate governance:

*Governance comprises systems and processes for the direction and control of local authorities through which they account to, engage with, and lead their communities.*

*In other words, it is about how local authorities ensure that they are doing the right things, in the right way, for the people in a timely, inclusive, open, honest and accountable manner.*

2.2 Good governance leads to good management, good performance, proper stewardship of public money, effective public engagement and, ultimately, good outcomes for residents and service users. Good governance enables councils to pursue their vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

### 3 The Six Principles

3.1 The CIPFA/SOLACE Framework defined six core principles of good governance. These involve:

- (i) Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area;
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- (iii) Promoting the values of the Authority and demonstrating the values of good governance through behaviour;
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- (v) Developing the capacity and capability of Members to be effective and ensuring that officers (including statutory officers) also have the capability to deliver effectively;
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

3.2 North East Derbyshire District Council is committed to these six principles of good governance. This Code sets out how the Council complies with the six principles to ensure good standards of governance.

### 4 Monitoring and Review

4.1 The Council will undertake an annual review of its governance arrangements to ensure that they are adequate and operating effectively in accordance with best practice. Where gaps are identified, action will be planned and undertaken to ensure improvement in future governance arrangements. The findings of this annual review will be presented to the Council's Audit and Governance Committee.

4.2 The Council will also prepare an Annual Governance Statement that will be submitted to the Audit and Governance Committee for consideration.

This Annual Governance Statement will include:

- (i) Identified Councillors and key officers who have responsibility for ensuring that there is good governance including internal control mechanisms;

- (ii) The systems and processes in place to provide good governance and how these are checked and tested;
- (iii) The key elements of the corporate governance arrangements;
- (iv) The process for maintaining and reviewing the effectiveness of governance arrangements;
- (v) Actions taken or actions planned to address significant governance issues;
- (vi) A clear summary of the resources needed to support the corporate governance arrangements.

Having been first considered by the Audit and Governance Committee this statement will be signed on behalf of the Council by the Leader of the Council and the Chief Executive.

Councillor Graham Baxter  
Leader of the Council

Chief Executive

Date:

## HOW THE COUNCIL MEETS THE SIX PRINCIPLES

### Principle 1

**Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.**

The function of governance is to ensure that authorities, other local government organisations or connected partnerships fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. This concept should guide all governance activity.

Local government bodies need to develop and articulate a clear vision of their purpose and intended outcomes for citizens and service users that is clearly communicated, both within the organisation and to external stakeholders.

### Supporting Principles

- Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users;
- Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning;
- Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.

The local code should reflect the requirement for local authorities to:

#### **1.1 Develop and promote the authority's purpose and vision.**

*Position at NEDDC:* This Code is based upon a clear community focus as set out in the Community Strategy and Corporate Plan which sets out the links between community engagement, service planning and delivery, and the maintenance of appropriate standards of conduct.

#### **1.2 Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements.**

*Position at NEDDC:* The Council keeps its vision for the local area under regular review as part of the development of the Corporate Plan and the service planning process. A new Corporate Plan covering the period to 2018 is being launched in the spring of 2015. This Code and its impact is formally reviewed and reported on at least an annual basis, but given the links between the Code and other areas of the Council's operations that review in reality is undertaken on an on-going basis.

#### **1.3 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties.**

*Position at NEDDC:* The Council is proactive in ensuring that the Council's values and those of key partners are shared.

**1.4 Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.**

*Position at NEDDC:* The Council publishes Annual Accounts and an Annual Report. These documents and a range of supporting evidence are available on the website. In addition the Council newspaper 'The News' is circulated to all residents three times a year. The Corporate Plan is supported by detailed service plans which establish the Council's objectives and performance targets.

**1.5 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.**

*Position at NEDDC:* The Authority's strategies and plans all contain performance targets and action plans that provide a SMART framework against which progress can be evaluated. In particular, the Performance Framework is designed to ensure that key indicators of progress are monitored and reported on at least on a quarterly basis. The information obtained from monitoring against internal targets is supported by information gathered from residents and other stakeholders from a variety of sources in order to ensure that we have a rounded picture of the public's view of the services provided.

**1.6 Put in place effective arrangements to identify and deal with failure in service delivery.**

*Position at NEDDC:* The Council has in place a number of methods for measuring resident / stakeholder satisfaction including resident surveys and the Citizen's Panel. The Complaints procedure monitors issues of concern for service users and results in quarterly reports to both SAMT and Cabinet enabling informed corrective action to be taken.

**1.7 Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.**

*Position at NEDDC:* Value for Money criteria are effectively established by the Council's performance targets / budgets, which are reviewed and established on an annual basis and set out in Service Plans. These are reviewed on an on-going basis including quarterly reports to Members. The Council is working to reduce both its own carbon footprint and that of the wider district.

## **Principle 2**

### **Members and officers working together to achieve a common purpose with clearly defined functions and roles**

The governing body of an organisation has overall responsibility for directing and controlling that organisation. In local government the governing body is the full council.

#### **Supporting Principles**

- Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny functions;
- Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard;
- Ensuring relationships between the authority and the public are clear so that each knows what to expect of the other.

The local code should reflect the requirement for local authorities to:

#### **2.1 Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice.**

*Position at NEDDC:* This is set out in the Council's Constitution. All Committee meetings are formally minuted and minutes formally approved.

#### **2.2 Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers.**

*Position at NEDDC:* The roles and responsibilities of Members and senior officers are set out in the Constitution, being further supported by the Member and Officer protocols and for officers by job descriptions and contractual terms.

#### **2.3 Determine a scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required.**

*Position at NEDDC:* The Constitution incorporates a scheme of delegation, and sets out the roles, powers and limits upon the power of individual officers and Members. The Constitution reflects best practice, including an appropriate approach to the Council's statutory duties and powers.

#### **2.4 Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management.**

*Position at NEDDC:* The Chief Executive is the Head of Paid Service and that role together with the associated job description makes him the responsible officer for the effective

discharge of the Council's operational issues. In discharging these duties the Chief Executive is supported by the Council's wider managerial arrangements and by the performance management framework.

**2.5 Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.**

*Position at NEDDC:* Regular meetings are held between the Council's Leader and the Chief Executive. These are part of a broader framework of appraising the performance of the Chief Executive.

**2.6 Make a senior officer (usually the section 151 officer) responsible to the Authority 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.**

*Position at NEDDC:* The Executive Director – Operations has been designated as the Council's S151 officer responsible for the sound financial administration of the authority. The duties are incorporated within the job descriptions of the Executive Director – Operations.

**2.7 Make a senior officer (other than the Responsible Financial Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.**

*Position at NEDDC:* The Assistant Director – Monitoring Officer and Governance is the Council's Monitoring Officer, with the Governance Officer being the Deputy. Roles and responsibilities are set out in the job description / person specification.

**2.8 Develop protocols to ensure effective communication between members and officers in their respective roles.**

*Position at NEDDC:* Protocols are in place setting out the roles and responsibilities of Members and officers (these support the powers established under the Constitution). These protocols are supported by a range of working arrangements, which help to ensure that the underlying relationships are constructive and support the effective working and development of the Council.

**2.9 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).**

*Position at NEDDC:* The pay scale for senior officers were determined by a panel in the light of external advice. Details are available on the website. There is an annual report on pay and conditions which is reported to Council. The Members allowances / remuneration scheme is considered through appropriate good practice processes and procedures, and is publicised on the website. Members allowances were reviewed in 2013 by an independent panel and full details are set out on the Council's website.

**2.10 Ensure that effective mechanisms exist to monitor service delivery.**

*Position at NEDDC:* The Council has in place a Performance Management Framework and a complaints framework which in conjunction enable the effective monitoring of service delivery.

**2.11 Ensure that the organisation's vision, strategic plans, priorities 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.**

*Position at NEDDC:* The development of the Council's Corporate Plan is an on going process of raising awareness and undertaking consultation concerning the Plan. Key consultees include an internal audience of Members, officers and employees. External consultees include parish councils, key partners and the full range of other statutory agencies. Residents' views are sought through local Members, via the use of surveys, the Citizens Forum, focus groups, public meetings and via complaints, compliments, comments and other communication with the Council and its officers (in particular contact between service providers and the public).

**2.12 When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority.**

*Position at NEDDC:* Within each significant partnership there are formal constitutions and governance arrangements in place, which set out objectives, roles and responsibilities, and the constitution/governance arrangements of the partnership. These are supported by either business or project plans, which detail funding support and managerial arrangements. The Council has a Partnership Team in place which provides support for our smaller partnership arrangements where appropriate.

**2.13 When working in partnership:**

- **Ensure that there is clarity about the legal status of the partnership;**
- **Ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.**

*Position at NEDDC:* For any significant partnerships the Council gives appropriate consideration to the issues before entering into the partnership. The legal status in particular would be subject to appropriate review. One of the criteria that would be considered before entering into a partnership would be its consistency with the principles of accountability and governance, which the Council applies to its own internal arrangements.

## **Principle 3**

### **Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**

Good governance flows from a shared ethos or culture, as well as from systems and structures. It cannot be reduced to a set of rules, or achieved fully by compliance with a set of requirements. This spirit or ethos of good governance can be expressed as values and demonstrated in behaviour.

Good governance builds on the seven principles for the conduct of people in public life that were established by the Committee on Standards in Public Life, known as the Nolan principles. In England, the Local Government Act 2000 outlined ten principles of conduct – an additional three to those identified by Nolan – for use in local government bodies. The seven Nolan principles are included in the guidance notes accompanying this Framework, and form part of the Members Code of Conduct. Training concerning the Code is offered to all Members.

A hallmark of good governance is the development of shared values, which become part of the organisation's culture, underpinning policy and behaviour throughout the organisation, from the governing body to all staff. These are in addition to compliance with legal requirements on, for example, equal opportunities and anti-discrimination.

#### **Supporting Principles**

- Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance;
- Ensuring that organisational values are put into practice and are effective.

The local code should reflect the requirement for local authorities to:

#### **3.1 Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.**

*Position at NEDDC:* The Council's Constitution and its values clearly establish an overriding requirement that our actions are characterised by openness and accountability. The Monitoring Officer decides which reports meet the legal / good practice criteria before they are deemed to be confidential or exempt. All decisions are minuted, and reports are available online, or alternatively may be obtained as a hard copy.

#### **3.2 Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.**

*Position at NEDDC:* The Constitution, the Member and Officer Code of Conduct, the Whistleblowing, Anti-Fraud Strategy, and a variety of other mechanisms all work together to provide an organisational and operational framework, which sets out clear expectations and standards regarding what constitutes acceptable behaviour. All policies are effectively communicated to Members, officers and employees including availability on the website.

**3.3 Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.**

*Position at NEDDC:* The Constitution and codes of conduct all set out clear expectations and requirements of Members and officers. Where an interest exists it is made clear that individuals have a responsibility to declare this, and that they must not participate in any way that might influence the decision making process.

While the key emphasis is rightly upon informed openness by individuals, the Council has a well-publicised whistle-blowing policy which would enable others to bring to the attention of the Authority potential conflicts of interest for investigation.

**3.4 Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners.**

*Position at NEDDC:* These are set out in the codes of conduct, while formal documents / policies including this Code and the Anti-Fraud Strategy which give a clear commitment to openness, honesty and integrity.

**3.5 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.**

*Position at NEDDC:* The Constitution and codes of conduct set out the formal arrangements. Appropriate awareness raising training is provided to Members/officers, and Members are reminded of the Code of Conduct requirements concerning declaration of interests at the outset of all Council meetings.

**3.6 Develop and maintain an effective standards committee.**

*Position at NEDDC:* A Standards Committee is in place which has appropriate terms of reference, membership and which meets on a regular basis. The Committee's minutes are reported to Council, and under the Constitution the Standards Committee has a direct right of report to Council. It's Chair provides an annual report to Council.

**3.7 Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority.**

*Position at NEDDC:* The Council has clear shared values set out in the Corporate Plan. All reports to Committee are agreed by the Strategic Alliance Management Team, and they are responsible for ensuring that the reports are in line with the Council's values. Reports are then considered by Members who determine the Council's values. Members are given appropriate training to enable them to establish and uphold appropriate values.

**3.8 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.**

*Position at NEDDC:* The Council's representatives on partnerships are required to reflect and champion the Council's values within those partnerships, and the partnerships' constitution must be compatible with the Council's values for the Council to participate. If the Partnership does not have its own Code of Conduct then Members are required to comply with the North East Derbyshire Code of Conduct.

## **Principle 4**

### **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.**

Decision making within a good governance framework is complex and challenging. It must further the organisation's purpose and strategic direction and be robust in the medium and longer terms. To make such decisions, authority members must be well informed.

Members making decisions need the support of appropriate systems, to help to ensure that decisions are implemented and that resources are used legally and efficiently.

Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective.

### **Supporting Principles**

- Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny;
- Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs;
- Ensuring that an effective risk management system is in place;
- Using legal powers to the full benefit of the citizens and communities in the area.

**The local code should reflect the requirement for local authorities to:**

#### **4.1 Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which it is responsible.**

*Position at NEDDC:* The functioning of Scrutiny is well established and operating effectively supported by separate officers. These arrangements and the effective engagement of other Members and Officers of the Council help ensure that Scrutiny's analysis and recommendation are supported by robust evidence, data and critical analysis. Appropriate Scrutiny reports are referred to Cabinet for its consideration.

#### **4.2 Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.**

*Position at NEDDC:* Decision making protocols and powers are set out in the Council's Constitution. These also establish what record of the decision needs to be maintained.

For Cabinet reports the quality assurance process is the Chief Executive, Directors and Monitoring Officer, while for Delegated Decisions the originating officer and the responsible Director need to ensure that the decision has been appropriately taken, and that appropriate advice has been incorporated and consultation undertaken. All decision making committees are appropriately minuted setting out the criteria, rationale and considerations on which decisions are based. Where appropriate Delegated Decisions are formally recorded and published.

#### **4.3 Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.**

*Position at NEDDC:* There are Member and Officer Codes of Conduct which requires all interests to be declared, and to ensure that individual members / employees do not play a role in the decision making process where there is a potential conflict of interest.

All gifts and hospitality are required to be officially recorded, and the Council's Constitution includes Financial Regulations and Contract Procedure Rules which establish what constitutes acceptable behaviour in respect of the letting of contracts. Members are required to complete Register of Interest forms in accordance with the relevant legislation and the Code of Conduct. All members and senior officers are required to complete a Related Party Transaction declaration at the end of each financial year.

#### **4.4 Develop and maintain an effective audit committee (or equivalent) which is independent or make other appropriate arrangements for the discharge of the functions of such a committee.**

*Position at NEDDC:* An Audit and Governance Committee is well established. Its terms of reference are in line with CIPFA / SOLACE requirements. Appropriate awareness raising is provided to the Members of the Committee. The Committee has undertaken a review of its effectiveness against and compliance with the CIPFA/SOLACE guidelines for an effective Audit Committee.

#### **4.5 Put in place effective, transparent and accessible arrangements for dealing with complaints.**

*Position at NEDDC:* The Council has a written complaints procedure in place, which is monitored and reported to Strategic Alliance Management Team and Cabinet on a regular basis. The Council endeavours to ensure that service users are made aware of their rights under the complaints procedure, and where appropriate are able to refer issues or complaints to external adjudicators.

#### **4.6 Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.**

*Position at NEDDC:* A comprehensive induction process is provided following the District Council elections, and this is supported by on going training / awareness programmes during the course of the year. Members are offered the opportunity to agree Personal Development Plans which identify training needs, and there is a comprehensive Member Development Programme overseen by a Member Development Working Group. All reports to Cabinet / Council are cleared by the Council's Chief Executive, Directors and Monitoring

Officer. Reports to Scrutiny and other Committees are cleared by an appropriate Senior Officer of the Council.

**4.7 Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.**

*Position at NEDDC:* All reports include a section detailing legal and financial implications. These are agreed by SAMT, the Monitoring Officer and the CFO who take a view on the adequacy of the professional advice that has been provided. All reports are processed and despatched in accordance with an agreed timetable, unless there are exceptional circumstances which require a late report to be considered. These requirements are included within the Constitution and are supported by the required format for Committee reports.

**4.8 Ensure that risk management is embedded into the culture of the organisation with members and managers at all levels recognising that risk management is part of their job.**

*Position at NEDDC:* The Council has a well established Risk Management Framework and a range of training arrangements. Risk Management has a high profile within the authority, with job descriptions reflecting the requirements to manage risk, all formal reports having a Risk Management section and all major projects covered by a Risk Register.

**4.9 Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access.**

*Position at NEDDC:* The Council has a well established whistle-blowing policy available in the Employee Handbook and on the intranet. It is publicised on a regular basis. The policy has been effectively utilised by officers which demonstrates both an awareness of and a confidence in the policy. The Whistle Blowing Policy is currently under review to ensure it remains fit for purpose.

**4.10 Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.**

*Position at NEDDC:* All officers are appropriately selected and trained to undertake the duties as set out in their job description which includes an awareness of the prevailing statutory framework. This is supported by the Council's Constitution, and by the Monitoring Officer, legal team, internal audit and other challenge arrangements which would help to identify any activity which falls outside of the Council's powers. For new initiatives the quality assurance process for reports should ensure that activities outside our powers are identified prior to implementation.

**4.11 Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.**

*Position at NEDDC:* As in 4.10.

**4.12 Observe all specific legislative requirements placed upon them, 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 their procedures and decision making processes.**

*Position at NEDDC:* As in 4.10.

## **Principle 5**

### **Developing the capacity and capability of members and officers to be effective.**

Effective local government relies on public confidence in authority members, whether elected or appointed, and in officers. Good governance strengthens credibility and confidence in our public services.

Authorities need people with the right skills to direct and control them effectively. Governance roles and responsibilities are challenging and demanding, and authority members need the right skills for their roles. In addition, governance is strengthened by the participation of people with many types of knowledge and experience.

Good governance means drawing on the largest possible pool of potential members to recruit people with the necessary skills. Encouraging a wide range of people to stand for election or apply for appointed positions will develop a membership that has a greater range of experience and knowledge. It will also help to increase the diversity of authority members in terms of age, ethnic background, social class, life experiences, gender and disability. This concept should also be borne in mind when members are appointed to the boards of other public service organisations.

### **Supporting Principles**

- Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles;
- Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group;
- Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

The local code should reflect the requirement for local authorities to:

### **5.1 Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.**

*Position at NEDDC:* Human Resources have developed a standard corporate induction process for all new members of staff, while at a service level induction is required to cover any service specific induction issues. An internal audit report identified that the Council was not fully complying with this procedure and measures have been taken to address this. The appraisal process identifies any training needs, and develops a plan to deliver these which is monitored on an ongoing basis. The person specification should ensure that only appropriately qualified individuals are appointed in the first place. A range of corporate awareness training is also provided to managers by means of managers'

meetings, Core Brief and other mechanisms. For Members an induction process is provided after District Council elections, Members have the option of participating in an appraisal process which identifies individual needs and a range of corporate training/awareness/development activities are undertaken on an ongoing basis overseen by the Members Development Working Group.

**5.2 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 organisation.**

*Position at NEDDC:* The job description/person specification is intended to ensure that only appropriately qualified and experienced individuals are short listed for these positions. The appointments process ensures that a competitive process is in place, which has attracted candidates with the appropriate range of personal attributes and skills. The Council's statutory officers are professionally qualified and are aware of their professional responsibilities regarding the management of the Council, and of the powers which are available to them to ensure that they have the appropriate level of resources to enable them to discharge those responsibilities effectively. The Strategic Alliance Management Team which takes the key decisions regarding which reports should go before committee includes the three statutory officers of the Council, and the role of these officers is well understood across the organisation. Furthermore, the process for agreeing reports and for taking major decisions is designed to ensure the statutory officers are actively involved in these processes to ensure that the organisation is appropriately managed.

**5.3 Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.**

*Position at NEDDC:* Employees are subject to an appraisal supplemented by 1 to 1's which incorporates an assessment of performance and training requirements. These are developed into a corporate training plan. Members are provided with appropriate training under the direction of the Member Development Working Group.

**5.4 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.**

*Position at NEDDC:* See 5.3.

**5.5 Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and of individual members and agreeing an action plan which might for example aim to address any training or development needs.**

*Position at NEDDC:* The Council's Corporate Plan together with related strategies and plans set out clear actions and targets against which progress can be monitored. In addition there are a range of key performance indicators and other performance targets covering all relevant services, which are monitored on a quarterly basis. The Council also encourages external review where appropriate.

**5.6 Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.**

*Position at NEDDC:* The Council has developed a range of mechanisms for consultation. We have a range of forums for engaging with our citizens including Public Meetings, Tenants Forum, and reviewing individual compliments, comments and complaints in order to consider whether there are underlying general trends. In addition to consultation the Council also actively encourages engagement by members of the Community in the Council's activities.

### **5.7 Ensure that career structures are in place for members and officers to encourage participation and development.**

*Position at NEDDC:* The Council's structures with a well developed Executive (Cabinet) and Scrutiny system offer a good range of opportunities for all Members to participate at a range of levels in the Council's managerial and Governance arrangements. The Council has appropriate arrangements in place to ensure that Officers are able to participate in Structured Personal Development, whilst the Council's staffing establishment provides opportunities for career progression.

## **Principle 6**

### **Engaging with local people and other stakeholders to ensure robust public accountability.**

Local government is accountable in a number of ways. Elected local authority members are democratically accountable to their local area and this gives a clear leadership role in building sustainable communities. All members must account to their communities for the decisions they have taken and the rationale behind those decisions. All authorities are subject to external review through external audit of their financial statements.

They are required to publish their financial statements and are encouraged to prepare an annual report. Many are subject to national standards and targets. Their budgets are effectively subject to significant influence and overview by Government, which has powers to intervene. Both members and officers are subject to codes of conduct. Additionally, where maladministration may have occurred, an aggrieved person may appeal through the Council's complaints procedure, to their local councillor or to the ombudsman.

### **Supporting Principles**

- Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships;
- 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 authority, in partnership or by commissioning;
- Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

The local code should reflect the requirement for local authorities to:

### **6.1 Make clear to themselves, all staff and the community, to whom they are accountable and for what.**

*Position at NEDDC:* This Code sets out clear links between the Council and the community, and sets out the requirement of the Council to be accountable, to display integrity, openness and inclusivity in our activity.

**6.2 Consider those stakeholder bodies to whom the organisation is accountable and assess the effectiveness of the relationships and any changes required.**

*Position at NEDDC:* The Corporate Plan, the Medium Term Financial Plan and our Directorate Service Plans give structured consideration to the views of the Council's key stakeholders.

**6.3 Produce an annual report on scrutiny function activity.**

*Position at NEDDC:* An annual report is provided to full Council concerning the performance of the scrutiny function.

**6.4 Ensure that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively.**

*Position at NEDDC:* The Council has a clear Communications Strategy in place utilising the website, "The News" civic newspaper which is distributed to all residents, publicity material at reception, and articles in the local newspaper. These mechanism also incorporate mechanisms designed to secure feedback on the effectiveness of the various approaches utilised.

**6.5 Hold meetings in public unless there are good reasons for confidentiality.**

*Position at NEDDC:* All meetings are held in public, and reports and decisions are available on the Internet or in hard copy upon request. All confidential / exempt items are agreed by the Monitoring Officer in order to ensure that they meet with the statutory definition of items which can be regarded as being confidential / exempt. The Council complies with the legislative requirement to advertise in advance those parts of the meeting which are to be held in private.

**6.6 Ensure arrangements are in place to enable the authority 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.**

*Position at NEDDC:* The Council has in place a wide range of engagement mechanisms including public meetings, Scrutiny Reviews, web based consultation, and engaging with difficult to reach groups including young people. These arrangements are set out within the consultation and communications policies. This is supported by targeted surveys, questionnaires and focus groups. The Council has been formally accredited in respect of equalities which demonstrates that the Council has appropriate procedures in place and has used these to achieve good outcomes in terms of engaging all sections of our community.

**6.7 Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users, including a feedback mechanism for those consultees to demonstrate what has changed as a result.**

*Position at NEDDC:* See 6.6.

**6.8 On an annual basis, publish a performance plan giving information on the authority'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.**

*Position at NEDDC:* The Annual Report that covers performance issues provides a link to the Council's priorities. Annual financial statements which cover the outturn position are provided within the Annual Statement of Accounts with more detailed reports being provided to committee and made available on the Council's website. While the Service Plans are essentially forward looking documents the objectives and aspirations which they incorporate are based upon previous year's trends, and incorporates analysis of, previous performance.

**6.9 Ensure that the authority 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.**

*Position at NEDDC:* The Council's Constitution and its overall ethos as set out in the Corporate Plan make it clear that it has mechanisms and processes in place which facilitate openness and transparency. The Communication and Engagement Strategies as set out in the previous section have been explicitly developed in order to achieve these objectives.

**6.10 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.**

*Position at NEDDC:* The Constitution together with the Corporate Plan and supporting documentation and strategies incorporate a clear role for our employees in the development and delivery of our plans. A formal consultation mechanism is in place in the form of the JCG (Joint Consultative Group) which involves Members, senior officers and trade union representatives. In addition, all employees are involved in the service planning process, have team meetings, attend staff roadshows, and a variety of other mechanisms exist to facilitate employee participation. The Council is accredited under IIP.