

Delivering good governance: the local code of governance

Background

1. This document is based on the “*delivering good governance in local government*” publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) which was published in July 2007.
2. Before this in 2001, CIPFA in conjunction with SOLACE developed the first governance code “*corporate governance in local government – a keystone for community government: framework*”. This was based on principles identified by Cadbury (1992), the Nolan Committee (1995) and the work of the former Department of the Environment, Transport and the Regions.

Aims

3. The aim of this document is to provide a best practice framework for developing and maintaining a locally accepted code of governance based on the 2007 publication *delivering good governance in local government*.
4. 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.
5. Good governance will enable South Oxfordshire and Vale of White Horse district councils to pursue their vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
6. South Oxfordshire and Vale of White Horse district councils aim to meet the highest standards of governance through this governance code.

Responsibilities

7. Councillors are collectively responsible for the governance of the council. Councillors’ responsibilities include:
 - (a) agreeing the councils’ constitution comprising the key governance documents including the executive arrangements and making major changes to reflect best practice;
 - (b) agreeing the policy framework; and
 - (c) agreeing the budget.
8. The Cabinet is responsible for:
 - (a) proposing the policy framework;
 - (b) proposing the budget; and
 - (c) implementing the policy framework.

9. The chief executive advises councillors on policy and necessary procedures to drive aims and objectives of the authority. The chief executive leads a management team.
10. The section 151 officer, the monitoring officer and heads of service are responsible for advising the Cabinet and Scrutiny Committees on legislative, financial and other policy considerations to achieve aims and objectives of the councils and are responsible for implementing councillors' decisions and for service performance.
11. The Joint Audit and Governance Committee is responsible for considering and making recommendations on governance matters and for agreeing a revised code of governance.
12. Officers will update action taken by the councils to meet the requirements of this framework and report on it to the Joint Audit and Governance Committee annually.
13. To develop this local code of governance we have reviewed our existing governance arrangements against CIPFA/SOLACE's framework document.
14. In doing so we have identified our systems, processes and documentation that provide evidence of compliance. We identify those responsible for monitoring and reviewing the systems, processes and documentation identified and those responsible for undertaking the actions required and plan accordingly.
15. We will review, develop and maintain our local code of governance on an annual basis to ensure its ongoing application and effectiveness.
16. On an annual basis we will prepare a governance statement in order to report publicly on the extent to which South Oxfordshire and Vale of White Horse district councils comply with the code of governance including how we have monitored the effectiveness of the governance arrangements in the year and on any planned changes in the coming year.

Governance

17. Governance is an interrelated system bringing together an underlying set of:
 - legislative requirements;
 - governance principles; and
 - management processes.
18. Governance is about doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
19. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

The principles and supporting principles of good governance

20. CIPFA/SOLACE have adopted six principles of good governance from *The Good Governance Standard for Public Services (2004)* developed by the Independent Commission on Good Governance in Public Services with support from the Office for

Public Management and CIPFA. These have been adapted for local government purposes.

21. The following sets out these principles, which in turn have supporting principles each of which in turn translates into a range of specific requirements as set out in the tables at the end of this document.

Principle: focusing on the purpose of the authority and on outcomes for the community 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.

Principle: councillors 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 or authority.

Principle: 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 as 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.
- 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.

Principle: 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, councillors must be well informed.

- Councillors 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.

Principle: developing the capacity and capability of councillors and officers to be effective

- Effective local government relies on public confidence in councillors, 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 councillors need the right skills for their roles. In addition, governance is strengthened by the participation of people with many different types of knowledge and experience.
- Good governance means drawing on the largest possible pool of potential councillors 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 councillorship that has a greater range of experience and knowledge. It will also help to increase the diversity of councillors in terms of age, ethnic background, social class, life experiences, gender and disability. This concept should be borne in mind when councillors are appointed to the boards of other public service organisations.

Principle: engaging with local people and other stakeholders to ensure robust public accountability

- Local government is accountable in a number of ways. Elected councillors are democratically accountable to their local area and this gives a clear leadership role in building sustainable communities. All councillors 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 the 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 target. Their budgets are effectively subject to significant influence and overview by government, which has powers to intervene. Both councillors and officers are subject to codes of conduct. Additionally, where maladministration may have occurred, an aggrieved person may appeal either through their local councillor directly to the ombudsman.

22. Each of the above principles translates into supporting principles and aims for South Oxfordshire and Vale of White Horse district councils.