

SECTION 22

22. CODE OF CORPORATE GOVERNANCE

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22.1 **Introduction**

- 22.1.1 The Vale of Glamorgan Council is committed to the principles of good corporate governance. Through the development, adoption and continued implementation and monitoring of a Code of Corporate Governance the Council formally confirms its ongoing commitment and intentions.
- 22.1.2 The Code of Corporate Governance comprehensively describes the Council's commitment to and understanding of corporate governance, and outlines the arrangements that it has put in place to ensure ongoing effective implementation and monitoring.
- 22.1.3 The Code of Corporate Governance also makes provision for a joint commitment by Members and Officers to the principles it contains, as well as a statement of assurance jointly signed by the Leader of the Council and the Managing Director. This helps to ensure that the principles of corporate governance are not only fully embedded and cascaded throughout the Council, but that they have the full backing of the Leader of the Council and elected Members as well as the Managing Director and the Corporate Management Team.

22.2 **Why Adopt A Code Of Corporate Governance?**

- 22.2.1 Adopting a Code of Corporate Governance is another way in which the Vale of Glamorgan Council shows its recognition of the fact that effective local government relies upon establishing and maintaining the confidence of local people in both elected Members and Council officials. Good corporate governance underpins credibility and confidence in the leadership and forms the foundation from which all Council services are provided.
- 22.2.2 Adopting, monitoring and complying with a Code of Corporate Governance helps enhance the Council's legitimacy and increases trust placed in the Council by local people.
- 22.2.3 Strong, transparent and responsive governance enables the Vale of Glamorgan Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens' confidence, these mechanisms must be sound and be seen to be sound.
- 22.2.4 The Vale of Glamorgan Council sees Corporate Governance as doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and also the culture and values, by which the Council is directed and controlled and how it accounts to and engages with its citizens.
- 22.2.5 Overall, adopting and committing to this Code of Corporate Governance puts in place a basis for a Council wide commitment to the way in which it intends fulfilling its role in leading and representing the community, providing opportunities for all, ensuring that there is a strong customer focus in all the Council does.

22.3 **What Is Corporate Governance?**

22.3.1 The Council has a key role in governing and leading our community. Effective local government relies on public confidence in elected Members and Council Officers.

22.3.2 Effective systems of Corporate Governance provide confidence in public services.

22.3.3 Corporate Governance is a phrase used to describe how organisations direct and control what they do.

22.3.4 For Local Authorities this also includes how a Council relates to the communities that it serves.

22.3.5 Good Corporate Governance requires Local Authorities to carry out their services in a way that demonstrates accountability, openness and honesty.

22.4 **Why Do We Need A Code Of Corporate Governance?**

22.4.1 Corporate Governance is important because it is crucial to:

(a) Providing high quality public services

Nationally governance weaknesses have led to service failure and, on occasion, to tragedies. High performing organisations, on the other hand, have effective governance arrangements.

(b) Raising public trust

The public's trust is increased when the quality of services that they and their families experience is high, and when organisations are seen to be open and honest in communicating their performance, and in learning from their mistakes.

22.4.2 The Code of Governance is based upon the following six Principles as defined by CIPFA and SOLACE and incorporates the draft 'Making the Connections' governance principles and values as set out by the Welsh Assembly Government (WAG) these are shown in italics.

1. Focusing on the Council's purpose and on outcomes for the community and creating and implementing a vision for the local area; (*Putting the Citizen First*); (*Achieving Value for Money*).
2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles; (*Knowing Who Does What and Why*);
3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour; (*Living Public Service Values*);

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk; (*Fostering Innovation Delivery*);
5. Developing the capacity and capability of Members and Officers to be effective; (*Being a Learning Organisation*);
6. Engaging with local people and other stakeholders to ensure robust public accountability; (*Engaging with Others*);

Each of these principles is an important part of the Vale of Glamorgan Council's Corporate Governance arrangements.

This Code describes how the Council will meet and demonstrate its commitment to good Corporate Governance in relation to these six Principles.

Also described in this document is how and by whom the Council's Corporate Governance arrangements will be monitored and reviewed.

22.5 **The Council's Corporate Governance Principles**

22.5.1 Principle 1

Focusing on the Council's purpose, on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

WAG – Putting the Citizen First – Achieving Value for Money

“Good governance means focusing on people's needs and experiences, making the organisation's purpose the delivery of a high quality service” – “Good Governance means looking after taxpayers' resources properly, and using them carefully to deliver high quality, efficient services.”

Leadership is exercised by clearly communicating the Council's purpose and vision and its intended outcomes for citizens and service users. The Council will ensure that users receive a high quality of service whether directly, in partnership or by commissioning. The Council will ensure that it makes best use of resources and those taxpayers and service users receive excellent value for money. In pursuance of this:-

22.5.1.1 The Council will explain and report regularly on activities, performance and the Council's financial position.

22.5.1.2 Timely and understandable information about the Council's activities, achievements, performance and financial position will be provided. The Council will achieve this by publishing:

- A Community Strategy;

- A Corporate Plan;
- An Improvement Plan;
- Externally audited accounts (including the Annual Statement on Governance);
- Independently verified performance information.

22.5.1.3 The Council will regularly review its vision for the local community and its implications for the Council's governance arrangements. The Council will aim to deliver high quality services that provide value for money. The Council will achieve this by:

- Delivering services to meet the needs of the local community, and put in place processes to ensure that they operate efficiently, effectively and economically in practice;
- Directing resources to those that need services most;
- Developing effective relationships and partnerships with other public sector agencies and the private and voluntary sectors;
- Responding appropriately to the findings and recommendations of External Auditors and Statutory Inspectors and putting in place arrangements for the implementation of agreed actions;
- Comparing information about our services with services provided by similar organisations and assessing why levels of efficiency, effectiveness and quality are different elsewhere.

22.5.2 Principle 2

Members and Officers working together to achieve a common purpose, with clearly defined functions and roles.

WAG – Knowing Who Does What and Why

“Good governance means that everyone involved in delivering a service understands each other’s roles and responsibilities and how together they will deliver the best possible outcomes.”

Effective leadership requires clarity regarding roles of executive (Cabinet) and non-executive Members and respect and recognition for the scrutiny function. In addition to this, constructive working relationship between Members and staff, mutual respect for each of these respective roles is vital. Finally the Council needs to ensure that residents understand our role and the levels of service they can expect.

22.5.2.1 The Council will ensure that the necessary roles and responsibilities for the governance of the Council are identified and

allocated so that it is clear who is accountable for decisions that are made.

22.5.2.2 The Council will achieve this by:

- Appointing a Leader of the Council with powers to:
 - > Appoint Cabinet Members with specific responsibilities;
 - > Agree a scheme of delegated responsibilities to Directors;
- Annually appointing committees to carry out the Council's regulatory responsibilities;
- Annually appointing committees to carry out the Council's Scrutiny responsibilities;
- Roles and responsibilities are defined in the Constitution which is kept under regular review;
- Responsibilities delegated to particular members of the Cabinet (such as portfolio holders) are explained, in an appropriate way, to residents;
- Having a scheme of delegated Council responsibilities to Directors;
- Decisions taken by Officers under powers delegated to them are properly recorded;
- Ensuring Council partnerships have clear governance arrangements in place i.e. clarity regarding roles and responsibilities and intended outcomes of the partnership;
- Having in place effective and comprehensive arrangements for the scrutiny of services and for holding the Cabinet to account.

22.5.3 Principle 3

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

WAG – Living Public Service Values

“Good governance means creating a team that can do the job well, whose behaviours are rooted in public service values.”

High standards of conduct and effective governance can only be achieved if those who hold public office have the highest standards of behaviour and encourage others to do so.

22.5.3.1 The Council will adopt a culture of behaviour based on shared values, ethical principles and good conduct.

22.5.3.2 The Council will achieve this by establishing and keeping under review:

- A Member Code of Conduct;
- An Employee Code of Conduct;
- Contracts Procedural Rules;
- An Anti-Fraud and Bribery Policy ;
- Whistleblowing Policy.

22.5.3.3 The Audit Committee and Standards Committee (as defined by their Terms of Reference) will be the Committees appointed with responsibilities for promoting and monitoring the application of these arrangements.

22.5.4 Principle 4

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

WAG – Fostering Innovative Delivery

“Good governance means being creative and innovative in the delivery of public services – working from evidence, and taking managed risks to achieve better outcomes.”

Informed decision-making is a fundamental part of good corporate governance. It requires councils to be both rigorous in their examination of options but also open to consider representation and views from all sectors of the community.

22.5.4.1 The Council will ensure the decision-making process includes a detailed risk assessment including:

- Financial, legal and human resources implications (authors of reports will be accountable if they are providing advice themselves);
- Equality and sustainability impact assessments;
- Risks and mitigating actions.

22.5.4.2 The Council will be open and honest about how decisions are taken and recorded.

22.5.4.3 The Council will achieve this by:

- Ensuring that decision-making reports include advice from all statutory Officers and explain the background in an open and transparent way;
- Recording all decisions that are made by Committees and Officers and making the details publicly available;
- Having rules and procedures which show how decisions are made;
- Developing and maintaining an effective scrutiny function which encourages constructive challenge;
- Maintaining an effective Audit Committee.

22.5.4.4 The Council will have a Risk Management Strategy and will operate a risk management system that assists the achievement of its corporate aims and priorities, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations.

22.5.4.5 The Council will ensure that the risk management system;

- Formally identifies and manages risks;
- Involves elected Members in the risk management process;
- Links risks to financial and other key internal controls;
- Incorporates service and business continuity planning;
- Reviews and, if necessary, updates its risk management processes at least annually.

22.5.5 Principle 5

Developing the capacity and capability of Members and Officers to be effective.

WAG – Being a Learning Organisation

“Good governance means always learning and always improving service delivery.”

Ensuring that Members and Officers have the necessary skills to operate a multi-million pound organisation that provides a multitude of different services is one of the most important aspects of governance.

22.5.5.1 The Council will ensure that those responsible for the governance of the Council have the skills, knowledge and experience they need to perform well.

22.5.5.2 The Council will achieve this by:

- Implementing a Member Development Strategy;
- Developing leadership skills and capacity across the Council;
- Developing and maintaining the Personal Development and Review System (PDRS) process;
- Cascading regular information to Members and Officers.

22.5.6 Principle 6

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

WAG – Engaging with Others

“Good governance means ensuring that the views and contributions of staff, the public and partner agencies are sought and harnessed to achieve the best possible outcomes.”

Local Authorities not only have to do things in the right way, but have to face the additional challenge of being seen to do things in the right way. This requires full engagement with local people where appropriate through a process which is planned and resourced in a way that is fair.

22.5.6.1 The Council will seek and respond to the views of stakeholders and the Community.

22.5.6.2 The Council will achieve this by:

- Forming and maintaining relationships with the leaders of other organisations;
- Producing Service Plans for services delivered within the community;
- Encouraging and supporting the public in making calls for action (e.g. giving evidence at Scrutiny Committee);
- Providing and supporting ways for the public to present community concerns to the Council;
- Engaging in consultation in a meaningful way and through mechanisms which seek to capture the views of all residents where appropriate;
- Working with other public sector partners to help residents understand our respective responsibilities and what we aim to achieve by working in partnership;
- Maintaining and reviewing an effective complaints procedure.

22.6 **Monitoring And Review**

- 22.6.1 Good Corporate Governance requires the active participation of Members and Officers across the Council.
- 22.6.2 Development, implementation and continuous improvement of the Council's Corporate Governance culture.
- 22.6.3 Preparation, adoption and maintenance of an up-to-date Code of Corporate Governance, including arrangements for ensuring its implementation and ongoing application.
- 22.6.4 Co-ordination and review of the Annual Governance Statement.
- 22.6.5 Promotion of best practice in Corporate Governance throughout the Council.
- 22.6.6 The Audit Committee is responsible for monitoring and reviewing the Council's Corporate Governance arrangements.
- 22.6.7 Through this Committee the Council will ensure that these arrangements are kept under continual review by:
 - (a) The work of Internal Audit;
 - (b) Reports prepared by managers with responsibility for aspects of this Code;
 - (c) External Audit opinion;
 - (d) Other review agencies and Inspectorates.

22.7 **The Annual Governance Statement**

- 22.7.1 Each year the Council will publish an Annual Governance Statement.
- 22.7.2 This will provide an overall assessment of the Council's Corporate Governance arrangements and an appraisal of the key controls in place to manage the Council's key governance risks.
- 22.7.3 The Statement will also provide details of where improvements need to be made.
- 22.7.4 The Annual Governance Statement will be reviewed by Corporate Management Team and approved by the Audit Committee, prior to being signed by the Leader of the Council and the Managing Director.
- 22.7.5 The Annual Governance Statement will be published as part of the Council's Annual Statement of Accounts and will be audited by our External Auditors.