CABINET

11 JULY 2017

CODE OF CORPORATE GOVERNANCE

Portfolio Holder: Councillor Rupert Turpin, Business Management

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Summary

This report seeks Cabinet's comments on the revised Code of Corporate Governance prior to consideration and approval at Council.

The revised Code of Corporate Governance was considered by the Audit Committee on 29 June 2017. Following consideration by the Cabinet, the revised Code will be presented to Full Council on 20 July 2017 for final consideration and approval.

1.   Budget and Policy Framework

1.1.   The Code of Corporate Governance forms part of the Constitution. This is therefore a matter for Council.

2.   Background

2.1.   Corporate Governance is how local government bodies ensure they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Councils operate through a governance framework that brings together an underlying set of legislative requirements, governance principles and management processes.

2.2.   The Council approved a local code of corporate governance based on CIPFA guidance at its meeting on 13 November 2008; this code is attached at Appendix 1 of this report. In 2016, CIPFA and the Society of Local Authority Chief Executives (SOLACE) published a revised 'Delivering Good Governance' framework that "defines the principles that should underpin the governance of each local government organisation".

3.   Revised Local Code of Corporate Governance

3.1.   A revised local code of corporate governance has been prepared based on the new 2016 framework and is presented to Members at Appendix 2 of this report.

3.2. The 2016 framework and draft Local Code identify seven core principals of good governance:

- Core Principle A: "Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law."
- Core Principle B: "Ensuring openness and comprehensive stakeholder engagement."
- Core Principle C: "Defining outcomes in terms of sustainable economic, social, and environmental benefits."
- Core Principle D: "Determining the interventions necessary to optimise the achievement of the intended outcomes."
- Core Principle E: "Developing the entity's capacity, including the capability of its leadership and the individuals within it."
- Core Principle F: "Managing risks and performance through robust internal control and strong public financial management."
- Core Principle G: "Implementing good practices in transparency, reporting, and audit to deliver effective accountability."

3.3. The Code contains a series of schedules under each of these core principles that set out the types of evidence required to demonstrate the extent to which the various supporting principles have been complied with.

3.4. Each year the Council carries out a review of the governance arrangements to ensure compliance with the code and the outcome of this review is the Annual Governance Statement (AGS). In addition to reviewing the effectiveness of the governance arrangements the statement will also include details of any action planned to address any outstanding or new issues.

4. Audit Committee

4.1 The Audit Committee considered this report on 29 June 2017. The Committee agreed to recommend the revised Local Code of Corporate Governance, as set out in Appendix 2 to the report, to Cabinet for consideration in advance of approval by Council and incorporation into the Constitution

5. Risk management

5.1. The Code of Corporate Governance is intended to provide a public demonstration of how Medway Council commits to the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government framework. The Code has also been updated to ensure that it remains in line with good practice and reflective of the council's governance arrangements. It is therefore considered that adequate action has been taken to minimise the risk that external inspection could consider the Code to not demonstrate the principles of good governance and/or the actual governance framework adopted by the council.

6. Financial implications

6.1. There is a statutory requirement for the council to produce an Annual Governance Statement (AGS) to accompany the Statement of Accounts. The AGS is ultimately prepared against the governance principles established by the Code of Corporate Governance.

6.2. There are no direct financial implications for the preparation of the Code of Corporate Governance.

7. Legal implications

7.1. Whilst there is no legal requirement for councils to develop a Local Code of Corporate Governance, such a Code provides a public document that demonstrates how the council ensures it operates in a proper way and in accordance with the law. The Code, implemented within the Constitution, sets out the council's recognition of the requirements and responsibilities placed on it by public law and how it may use these to work in the public interest and to the benefit of residents.

7.2. The revised Local Code of Corporate Governance will need to be incorporated into the Council's Constitution, and will replace the existing 'code of corporate governance' set out in chapter 5, subject to Council approval.

8. Recommendations

8.1. The Cabinet is asked to:

(i)   Consider the comments of the Audit Committee;
(ii)   Recommend the revised Local Code of Corporate Governance, set out in Appendix 2 to the report to Full Council for approval and incorporation into the Constitution.

9. Suggested reasons for decision

9.1   To ensure that the Council's Code of Corporate Governance reflects the latest CIPFA and the Society of Local Authority Chief Executives (SOLACE) guidance.

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Appendices

Appendix 1 – Current (2008) Medway Code of Corporate Governance
Appendix 2 – Draft Local Code of Corporate Governance

Background papers

None

PART 6 - CODE OF GOVERNANCE

1.   What we mean by governance

1.1   Governance is about how the Council ensures that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

1.2   It comprises the systems and processes and cultures and values, by which the Council is directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

1.3   This local Code of Governance has been developed in accordance with and is consistent with the Delivering Local Governance in Local Government Framework.

2.   Core principles of good governance

2.1   The core governance principles of the Council are:

(a)   Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;

(b)   Members and Officers working together to achieve a common purpose with clearly defined functions and roles;

(c)   promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

(d)   taking informed decisions which are subject to effective scrutiny and managing risk;

(e)   developing the capacity and capability of members and officers to be effective; and

(f)   engaging with local people and other stakeholders to ensure robust public accountability

3.   Applying the core principles of good governance

3.1   The six core principles each have a number of supporting principles, which in turn have a range of specific requirements that apply across the Council's business:

Code of governance

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 principles	**Specific requirements to:**
Exercising strategic leadership by developing and clearly communicating the Councils purpose and vision and its intended outcomes for citizens and service users.	Develop and promote the Council's purpose and vision Review on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements. Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners. Publish an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance.
Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.	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. Put in place effective arrangements to identify and deal with failure in service delivery.
Ensuring that the Council makes best use of resources and that tax payers and service users receive excellent value for money	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.

2.	Members and officers working together to achieve a common purpose with clearly defined functions and roles	
Supporting principles	**Specific requirements to:**	
Ensuring effective leadership throughout the Council and being clear about executive and non executive functions and the roles and responsibilities of the scrutiny function.	Set out clear statements of the respective roles and responsibilities of the executive and the executive's members individually and the Council's approach towards putting this into practice. Set out a clear statement of the respective roles and responsibilities of other Council Members, members generally and of senior officers.	
Ensuring that a constructive working relationship exists between Council Members and Officers and that the responsibilities of Members and Officers are carried out to a high standard.	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 Council, taking account of relevant legislation, and ensure that it is monitored and updated when required.

Make a Chief Executive or equivalent responsible and accountable to the Council for all aspects of operational management.

Develop protocols to ensure that the Leader and Chief Executive (or equivalents) negotiate their respective roles early in the relationship and that shared understanding of roles and objectives is maintained.

Make a senior Officer (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.

Make a senior Officer (Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with. | |

Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.	Develop protocols to ensure effective communication between Members and Officers in their respective roles.
	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)
	Ensure that effective mechanisms exist to monitor service delivery.
	Ensure that the organisations 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
	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.
	When working in partnership: • 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.

3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	
Supporting principles	**Specific requirements to:**
Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	Ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect.

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.

Put in place arrangements to ensure that members and employees of the Council 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. |
| Ensuring that organisational values are put into practice and are effective | Develop and maintain values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with Members, staff, the community and partners.

Put into place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.

Develop and maintain an effective Councillor Conduct Committee.

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 Council.

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.

4.	**Taking informed and transparent decisions which are subject to effective scrutiny and management risk**
Supporting principles	**Specific requirements to:**
Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny	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.
	Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
	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.
	Develop and maintain an effective Audit Committee which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a Committee.
	Ensure effective, transparent and accessible arrangements are in place for dealing with complaints.

Have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	Ensure those making decisions whether the Council for the Council or the Partnership are provided with information that is fit for purpose – relevant, timely and gives clear explanations of technical issues and their implications. 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.
Ensuring that an effective risk management system is in place.	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 jobs. Ensure that effective arrangements for whistleblowing are in place to which Officers, staff and all those contracting with or appointed by the Council have access.
Using their legal powers to the full benefit of the citizens and communities in their area.	Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine, but also strive to utilise their powers to the full benefit of their communities. Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on Councils by public law. 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 – rationally, legality and natural justice – into their procedures and decision making processes.

5. Developing the capacity and capability of members and officers to be effective	
Supporting principles	**Specific requirements to:**
Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.	Provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis. 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.
Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.	Assess the skills required by Members and Officers and make commitments to develop those skills to enable roles to be carried out effectively. Develop skills on a continuing basis to improve performance, including the ability to scrutinize and challenge and to recognise when outside expert advice is needed. Ensure that effective arrangements are in place for reviewing the performance of the Executives as a whole and of individual Members and agreeing an action plan, which might, for example, aim to address any training or development needs.
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.	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. Ensure that structures are in place for Members and Officers to encourage participation and development.

6.	Engaging with local people and other stakeholders to ensure robust public accountability
Supporting principles	**Specific requirements to:**
Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships	Make clear to themselves, all staff and the community to whom they are accountable and for what. Consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationship and any changes required. Produce an annual report on the activity of scrutiny function.
Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery by the Council, in partnership or by commissioning.	Ensure 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. Hold meetings in public unless there are good reasons for confidentiality. 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. Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including feedback mechanisms for those consultees to demonstrate what has changed as a result. On an annual basis, publish a council plan giving information on the Council's vision, strategic priorities and financial statements. This will align with the development of the resources strategy and ultimately the budget. In addition,

	publish an annual report which will give information about its outcomes, achievements and the satisfaction of service users in the previous period. 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.
Making best use of human resources by taking an active and planned approach to meet responsibility to staff.	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.

4.   Annual Review and Reporting

4.1   Each year the Council will carry out a review of their Governance arrangements to ensure compliance with this Code, the delivery of Good Governance within the local Government Framework and current good practice. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively or to identify action which is planned to ensure effective governance in the future.

4.2   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 Audit Committee for consideration and review.

4.3   The preparation and publication of the Governance Statement will meet the statutory requirements of the Accounts and Audit Regulations which requires authorities to 'conduct a review at least once a year of the effectiveness of its system of internal control' and to prepare a statement on internal control 'in accordance with proper practices'. As such the Governance Statement will be prepared in accordance with the timetable in participation of financial statements in accordance with the Audit and Financial Regulations.

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What is governance?

Governance is about how the Council ensures that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

The Chartered Institute of Public Finance (CIPFA) International Framework: Good Governance in the Public Sector 2014 states that: "To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times."

Good corporate governance comprises of a series of systems, processes and values, by which the council is directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

This local Code of Governance has been developed in accordance with and is consistent with the CIPFA's Delivering Good Governance in Local Government Framework 2016.

What is the local Code of Governance?

The Code of Corporate Governance (the Code) is the cornerstone to the council's 'local code' or governance framework by which the council is accountable to its users and wider community stakeholders. Within that framework, the Code sets out a commitment as to how the council carries out its functions, and the procedures and processes by which it undertakes to deliver our Council Plan Objectives:

- Medway: A place to be proud of
- Supporting Medway's people to realise their potential
- Maximising regeneration and economic growth

In 2017 the Code was subject to review to ensure the council's arrangements are consistent with the core principles as set out in the 'Delivering Good Governance' framework, published by CIPFA and the Society of Local Authority Chief Executives (SOLACE). The CIPFA-SOLACE framework "defines the principles that should underpin the governance of each local government organisation". The established principles are set out in the table below, alongside details of how we will comply with these principles.

How do we make sure we comply?

The council regularly reviews and reports against its governance arrangements. The Monitoring Officer monitors compliance with established policies, procedures, laws and regulations. The Section 151 officer advises on financial matters, is responsible for keeping proper financial records, and for maintaining a sound system of internal control.

To assess compliance, the council conducts an annual review of the effectiveness of its governance framework and system of internal control. The results of this review, carried out in line with the core principles of the Code, inform the production of the council's Annual Governance Statement, and are presented as part of the Statement of Accounts.

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Code of Corporate Governance: The core governance principles

Core Principle A: "Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law"

Principle	How we will comply
A1: Behaving with integrity	• Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation. • Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles). • Leading by example and using the above standard operating principles or values as a framework for decision making and other actions. • Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively
A2: Demonstrating strong commitment to ethical values	• Seeking to establish, monitor and maintain the organisation's ethical standards and performance. • Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values. • Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.
A3: Respecting the rule of law	• Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. • Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. • Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders. • Dealing with breaches of legal and regulatory provisions effectively. • Ensuring corruption and misuse of power are dealt with effectively.

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Core Principle B: "Ensuring openness and comprehensive stakeholder engagement"

Standard	How we will comply
B1: Openness	• Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness. • Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided. • Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. • Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action.

B2: Engaging comprehensively with institutional stakeholders	• Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.
	
	• Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.
	
	• Ensuring that partnerships are based on:
	    o trust;
	    o a shared commitment to change;
	    o a culture that promotes and accepts challenge among partners;
	    o and that the added value of partnership working is explicit.

B3: Engaging with individual citizens and service users effectively	• Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes. • Ensuring that communication methods are effective and that members and officers are clear about their roles in community engagement. • Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.

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	• Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account. • Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity. • Taking account of the impact of decisions on future generations of tax payers and service users.

Core Principle C: "Defining outcomes in terms of sustainable economic, social, and environmental benefits."

Standard	How we will comply
C1: Defining outcomes	• Having a clear vision which is an agreed formal statement of the organisation's purpose, and intended outcomes, containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions. • Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer. • Delivering defined outcomes on a sustainable basis within the resources that will be available. • Identifying and managing risks to the achievement of outcomes. • Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.
C2: Sustainable economic, social and environmental benefits	• Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. • Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints. • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. • Ensuring fair access to services.
B3: Engaging with individual citizens and service users effectively	• Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes.

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	• Ensuring that communication methods are effective and that members and officers are clear about their roles in community engagement. • Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. • Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account. • Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity. • Taking account of the impact of decisions on future generations of tax payers and service users.

Core Principle D: "Determining the interventions necessary to optimise the achievement of the intended outcomes"

Standard	How we will comply
D1: Determining interventions	• Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided. • Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.
D2: Planning interventions	• Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. • Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. • Considering and monitoring risks facing each partner when working collaboratively, including shared risks. • Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances. • Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. • Ensuring capacity exists to generate the information required to review service quality regularly. • Preparing budgets in accordance with objectives, strategies and the medium term financial plan.

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	• Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
D3: Optimising achievement of intended outcomes	• Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints. • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. • Ensuring the medium term financial strategy sets the context for on-going decisions on significant delivery issues or responses to changes inthe external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. • Ensuring the achievement of 'social value' through service planning and commissioning.

Core Principle E: "Developing the entity's capacity, including the capability of its leadership and the individuals within it"

Standard	How we will comply
E1: Developing the entity's capacity	• Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness. • Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. • Recognising the benefits of partnerships and collaborative working where added value can be achieved. • Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.
E2: Developing the capability of the entity's leadership and other individuals	• Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. • Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body. • Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority. • Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and

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	environmental changes and risks by: - ensuring members and staff have access to appropriate induction tailored to their role and that on-going training and development matching individual and organisational requirements is available and encouraged; - ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to continually update their knowledge; - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. - Ensuring that there are structures in place to encourage public participation. - Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review/ inspections. - Holding staff to account through regular performance reviews which take account of training or development needs. - Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

Core Principle F: "Managing risks and performance through robust internal control and strong public financial management"

Standard	How we will comply
F1: Managing risk	- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making. - Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. - Ensuring that responsibilities for managing individual risks are clearly allocated.
F2: Managing performance	- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review. - Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook. - Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible.

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	• Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. • Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).

F3: Robust internal control	• Aligning the risk management strategy and policies on internal control with achieving objectives.
	
	 • Evaluating and monitoring risk management and internal control on a regular basis.
	
	 • Ensuring effective counter fraud and anti-corruption arrangements are in place.
	
	 • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
	
	 • Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body:
	
	    o provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment;
	
	    o that its recommendations are listened to and acted upon.

F4: Managing data	• Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. • Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies. • Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.
F5: Strong public financial management	• Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance. • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

Core Principle G: "Implementing good practices in transparency, reporting, and audit to deliver effective accountability"

Standard	How we will comply
G1: Implementing good practice in transparency	• Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.

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	• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
G2: Implementing good practices in reporting	• Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way. • Ensuring members and senior management own the results reported. • Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement). • Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate. • Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.
G3: Assurance and effective accountability	• Ensuring that recommendations for corrective action made by external audit are acted upon. • Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon. • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. • Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement. • Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.
F5: Strong public financial management	• Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance. • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.