



**ROCHFORD DISTRICT COUNCIL**

**D R A F T**

**LOCAL CODE**

**OF**

**CORPORATE GOVERNANCE**

Council Offices,  
South Street,  
Rochford,  
Essex, SS4 1BW.

July 2002

**LOCAL CODE OF CORPORATE GOVERNANCE**

**1 Contents**

	<b>Page</b>
1 Introduction	2
2 The Local Code of Corporate Governance for Rochford District Council	3
3 Monitoring and maintaining the Code	8

**1. Introduction**

“Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities”.

*CIPFA/SOLACE Guidance Note.*

The term “Corporate Governance” came into common use following the Cadbury Report in 1992. This report addressed issues raised in relation to events at BCCI and Maxwell Communications.

The issue of corporate governance in the public sector came about as a result of concerns raised by politicians and the media with regard to conduct of public business and perceptions of sleaze in public life. The Nolan Committee found that the vast majority of Councillors and officers observe high standards of conduct and are aware that high ethical standards are critical to maintain public confidence in local government.

Whilst corporate governance has been the subject of a number of reports and publications, there has not been a comprehensive framework of principles and standards for local authorities to adhere to.

In 2001 CIPFA and SOLACE published “Corporate Governance in Local Government : A Keystone for Community Governance”. This document provided comprehensive guidance as to how local authorities should address the issue of corporate governance. The Rochford Code is therefore based upon this guidance.

This document sets out Rochford District Council’s local code of corporate governance and the process for monitoring and maintenance of the Code.

The Appendix to the Code shows the results of the revised assessment of how the Council complies with the Code. It also gives details of the actions the Council intends to take in order to improve compliance.

**2. The Local Code of Corporate Governance for Rochford District Council**

**2.1. Statement of Commitment**

The Rochford District Council is committed to effective leadership which is the foundation for effective corporate governance.

The Council will-

- ◆ Provide a vision for the local community and lead by example in decision making and other processes and actions
- ◆ Ensure that Members and managers will conduct themselves in accordance with the highest standards of conduct.

## **2.2. Three Principles**

The Council will abide by the three principles of good governance as set out in the CIPFA/SOLACE Guidance. It will also continually strive to ensure that they underpin the delivery services to the public.

The three principles are:-

### **1. Openness and Inclusivity**

Being open through genuine consultation with stakeholders and providing access to full, accurate and clear information.

Inclusive approach which seeks to ensure that all stakeholders and potential stakeholders have the opportunity to engage effectively with the decision making process.

### **2. Integrity**

Straightforward dealing and completeness, based upon honesty, selflessness and objectivity and high standards of propriety and probity in the stewardship of public funds and management of the Council's affairs.

### **3. Accountability**

Members and staff are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance and submit themselves to appropriate external scrutiny.

In order to ensure that these three principles underpin service delivery, the Council will:-

Monitor their **effectiveness**

Review, on a continuing basis, to ensure they are **up to date**.

### 2.3. Five Dimensions

The three principles need to be reflected within five dimensions of service delivery. The Council will strive to ensure that the three principles will be applied within the five dimensions listed below:-

#### 1. Community Focus

- ◆ Work for and with the community
- ◆ Leadership within the community where appropriate
- ◆ Undertake an “ambassadorial” role to promote the wellbeing of the area, where appropriate, through maintaining effective arrangements
- ◆ For explicit **accountability** to stakeholders for the authority’s performance and its **effectiveness** in the delivery of services and the sustainable use of resources
- ◆ Demonstrate **integrity** in the authority’s dealings in building effective relationships and partnerships with other public agencies and private/voluntary sectors
- ◆ Demonstrate **openness** in its dealings
- ◆ Demonstrate **inclusivity** by communicating and engaging with all sections of the community to encourage active participation

- ◆ Develop and articulate a clear and **up to date** vision and corporate strategy in response to community needs.

2. Service Delivery Arrangements.

The Council will ensure that continuous improvement is sought, agreed policies are implemented and decisions carried out by maintaining arrangements which:-

- ◆ Discharge their **accountability** for service delivery at local level
- ◆ Ensure **effectiveness** through setting targets and measuring performance
- ◆ Demonstrate **integrity** in dealings with service users and developing partnerships to ensure the “right” provision of services locally
- ◆ Demonstrate **openness and inclusivity** through consulting with key stakeholders, including service users
- ◆ Are flexible so that they can be kept **up to date** and be adapted to accommodate change and meet users’ wishes

3. Structures and Processes

The Council will maintain effective political and managerial structures and processes to govern decision making and the exercise of authority within the organisation. The Council will maintain arrangements to:-

- ◆ Define the rules and responsibilities of Members and officers to ensure **accountability**, clarity and ordering of the Council’s business
- ◆ Ensure that there is proper scrutiny and review of all aspects of performance and **effectiveness**
- ◆ Demonstrate **integrity** by ensuring a proper balance of power and authority
- ◆ Document clearly such structures and processes and ensure that they are communicated and understood to demonstrate **openness and inclusivity**
- ◆ Ensure such structures and processes are kept **up to date** and adapted to accommodate change.

4. Risk Management and Internal Control

The Council will establish and maintain a systematic strategy, framework and process for managing risk. Together these arrangements should:-

- ◆ Include making public statements to stakeholders on the authority's risk management strategy, framework and processes to demonstrate **accountability**
- ◆ Include mechanisms for monitoring and reviewing **effectiveness** against agreed standards and targets and the operation of controls in practice
- ◆ Demonstrate **integrity** by being based on robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks
- ◆ Display **openness and inclusivity** by involving all those associated with planning and delivering services, including partners
- ◆ Include mechanisms to ensure that the risk management and control process is monitored for continuing compliance to ensure that changes in circumstances are accommodated and that it remains **up to date**.

5. Standards of Conduct

The openness, integrity and accountability of individuals within the Council form the cornerstone of effective corporate governance. The reputation of the authority depends on the standards of behaviour of everyone in it, whether Members, employees or agents contracted to it.

Therefore, Members and senior officers of the Council will need to:-

- ◆ Exercise leadership by conducting themselves as role models for others within the authority to follow
- ◆ Define the standards of personal behaviour that are expected from Members and staff and all those involved in service delivery, and put in place arrangements to ensure:



- **Accountability**, through establishing systems for investigating breaches and disciplinary problems and taking action where appropriate, including arrangements for redress
- **Effectiveness** in practice through monitoring and compliance
- That objectivity and impartiality are maintained in all relationships to demonstrate **integrity**
- That such standards are demonstrated and clearly understood to display **openness and inclusivity** and are reviewed on a regular basis to ensure that they are kept **up to date**.

### **3. Monitoring and Maintaining the Code**

Rochford District Council is committed to good corporate governance as set out in the CIPFA/SOLACE Guidance. The Council will maintain ongoing development, monitoring and maintenance of the code.

#### **3.1. Monitoring the Code**

Compliance will be demonstrated by the “vowel” test recommended in the CIPFA/SOLACE Guidance:-

- ⇒ **Accountability**
- ⇒ **Effectiveness**
- ⇒ **Integrity**
- ⇒ **Openness and inclusivity**
- ⇒ Keeping arrangements **up to date**.

The Council adopted the code last year. A revised assessment together with identifying actions required to improve compliance has been carried out. This is set out in the Appendix to this document.

In the majority of areas only minor actions are required to achieve high levels of compliance. The main areas where work is required are in respect of developing the Community Plan and implementing the formal Risk Management Strategy.

A draft of the Community Plan should be completed by March 2004. A Risk Management Strategy was adopted in July 2002, although a significant amount of work still needs to be undertaken on this in the coming year.

The Chief Executive and Leader of the Council will make an annual **“Statement of Assurance”**, giving their position on whether the corporate governance arrangements are adequate and operating effectively.

The Corporate Policy Manager will:-

- ◆ Oversee the implementation, monitoring and operation of the Code
- ◆ Review the operation of the Code in practice on an annual basis
- ◆ Report annually to the Finance Overview and Scrutiny Committee on compliance with the Code and any changes that may be necessary to monitor it and ensure its effectiveness in practice
- ◆ Prepare a summary report to be included in the annual Best Value Performance Plan

In addition, the Audit and Process Review Manager will review independently and report annually to Finance Overview and Scrutiny Committee to provide assurance on the adequacy and effectiveness of the Code in practice.

### **3.2. Maintaining the Code**

The annual reports of the Corporate Policy Manager and the Audit and Process Review Manager will identify any aspects of the Code that are not in place and propose any actions which would enhance compliance with the Code.