East Hampshire District Council

Local Code of Corporate Governance

Introduction

This Local Code of Corporate Governance is based upon the CIPFA / SOLACE document entitled "Delivering Good Governance in Local Government: Framework 2016 Edition."

What do we mean by Governance?

'The International Framework: Good Governance in the Public Sector' defines 'governance' as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The Framework also states that to deliver good governance in the public sector both governing bodies and individuals working for them must try to achieve their entity's objectives, while acting in the public interest at all times.

This Local Code of Corporate Governance is based on seven core principles:-

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

This East Hampshire District Council (the Council) Local Code of Corporate Governance (the Code) specifically identifies the actions to be taken in relation to each of these principles.

The Audit Committee is currently responsible for approving this Code and ensuring it is kept up to date.

Actions to be taken by the Council in relation to each principle of corporate governance.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

<u>Behaving with integrity</u>

The Council will:-

- Ensure that 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 Council.
- Ensure that Members and Officers adhere to specific standard operating principles or values for the Council and that they are communicated and understood. These will build on the Seven Principles of Public Life (The Nolan Principles).
- Lead by example and use the above standard operating principles or values as a framework for decision making and other actions.
- Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which will be reviewed on a regular basis to ensure they are operating effectively.

<u>Demonstrating strong commitment to ethical values</u>

The Council will:-

- Seek to establish, monitor and maintain the Council's commitment to ethical standards and performance.
- Seek to ensure they permeate all aspects of the Council's culture and operations.
- Develop and maintain robust policies and procedures which place emphasis on agreed ethical values.
- Ensure 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 Council.

<u>Respecting the Rule of Law</u>

The Council will:-

- Ensure Members and Officers demonstrate a strong commitment to the rule of the law as well as adhere to relevant laws and regulations.

- Seek to ensure that the statutory officers, other key post holders, and Members are able to fulfil their responsibilities in accordance with legislative and regulatory provisions.
- Strive to optimise the use of the full powers available for the benefit of residents, communities and other stakeholders.
- Deal with breaches of legal and regulatory provisions effectively.
- Ensure corruption and misuse of power are dealt with effectively.

B. Ensuring an openness and comprehensive stakeholder engagement

Openness

The Council will:-

- Ensure an open culture through publicly communicating the Council's commitment to openness.
- Make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption will be for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential will be provided.
- Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and will be explicit about the criteria, rationale and considerations used.
- Use formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action and communicate outcomes openly.

Engaging comprehensively with institutional stakeholders

The Council will:-

- Effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear.
- Through this engagement, seek to ensure that intended outcomes are achieved successfully and sustainably.
- Develop formal and informal partnerships to allow for resources to be used more efficiently and effectively for the taxpayer.
- Ensure that partnerships are based on trust, a shared commitment on outcomes and a culture that promotes and accepts challenge among partners.

Engaging stakeholders effectively, including individual citizens and service users effectively

The Council will:-

- Establish a clear policy on the type of issues that the Council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.
- Ensure that communication methods are effective and that Members and Officers are clear about their roles with regard to community engagement.
- Encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of diverse backgrounds.
- Implement effective feedback mechanisms in order to demonstrate how their views have been taken into account.
- Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.
- Take account of the interests of future generations of taxpayers and service users.

C. Defining outcomes in terms of sustainable economic, social and environmental benefits

Defining outcomes

The Council will:-

- Have a clear vision through its corporate strategies for sustainable economic, social and environmental benefits.
- Deliver defined outcomes, on a sustainable basis, within the resources that will be available.
- Identify and manage risks to the achievement of outcomes.
- Manage service users expectations effectively with regard to determining priorities and making the best use of the resources available.

Sustainable economic, social and environmental benefits

The Council will:-

- Consider and balance the combined economic, social and environmental impacts within its corporate strategies when taking decisions about service provision.
- Take 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.
- Ensure fair access to services.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

<u>Determining interventions</u>

The Council will:-

• Ensure decision makers receive objective and rigorous analysis of the range of options available on a decision, outlining how intended outcomes would be achieved and risks associated with those options.
• Consider feedback from the public and service users when making decisions about service improvements or where services are no longer required, in order to prioritise competing demands within the resources available.

<u>Planning interventions</u>

The Council will:-

• Establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets.
• Engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
• Consider and monitor risks facing each partner when working collaboratively including shared risks.
• Ensure arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.
• Establish appropriate key performance indicators (KPIs) as part of the planning process, to identify how the performance of services and projects is to be measured.
• Analyse corporate information collated to review service quality regularly.
• Prepare budgets in accordance with organisational objectives, strategies and the medium-term financial plan.
• Draw up realistic estimates of revenue and capital expenditure, aimed at developing a sustainable funding strategy and to inform medium and long term resource planning.

<u>Optimising achievement of intended outcomes</u>

The Council will:-

• Ensure the medium-term financial strategy balances service priorities, affordability and other resource constraints.
• Ensure the budgeting process incorporates and takes into account the full cost of operations over the medium and longer term.

- Ensure the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to material changes that may arise during the budgetary period, in order for outcomes to be achieved.

E. Developing the Council's capacity, including the capability of its leadership and the individuals within it

<u>Developing the Council's capacity</u>

The Council will:-

- Develop and maintain an effective workforce plan to enhance the strategic allocation of resources and capability of leadership and staff.

- Review operations and use of assets on a regular basis to ensure their continuing effectiveness.

- Improve resource use through appropriate application of techniques such as benchmarking.
- Develop partnerships and collaborative working where added value can be achieved.

<u>Developing the capability of the Council's leadership and individuals within it</u>

The Council will:-

- Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles and that a shared understanding of roles and objectives is maintained.
- Ensure the Leader and Chief Executive have clearly defined and distinctive leadership roles within the organisational structure.
- Develop the capabilities of Councillors and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:
    - o providing Councillors and staff with access to appropriate induction programmes tailored to their role;
    - o providing ongoing training and development to match individual and organisational requirements;
    - o providing Councillors and staff with appropriate knowledge, resources and support to fulfil their roles and responsibilities;
    - o providing Councillors and officers with resources to update their knowledge on a continuing basis;
    - o engendering a culture of shared corporate learning, including lessons learnt from governance weaknesses, both internal and external.

- Ensure that there are structures in place to encourage public participation and scrutiny.
- Take steps to consider the leadership's own effectiveness and ensure leaders are open to constructive feedback from peer review and inspections.
- Hold staff to account through regular performance reviews, which take into account training or development needs.
- Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

F. Managing risks and performance through robust internal control and strong public financial management

Managing Risk

The Council will:-

- Ensure that risk management is an integral part of all activities and must be considered in all aspects of decision making.
- Implement robust and integrated risk management arrangements and ensure that they are working effectively.
- Ensure that responsibilities for managing individual risks are clearly allocated.

Managing Performance

The Council will:-
- Monitor service delivery effectively including planning, specification, execution and post implementation review.
- Make decisions based on relevant, clear objective analysis and advice, ensuring that material implications and risks are highlighted and mitigated.
- Ensure an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made, thereby enhancing the Council's performance.
- Provide Councillors and senior management with regular reports on corporate and operational delivery plans and on progress towards achievement of their targets.

Robust internal control

The Council will:-

- Align the risk management strategy and policies on internal control with achieving objectives.
- Evaluate and monitor the Council's risk management and internal control on a regular basis.
- Ensure effective counter-fraud and anti-corruption arrangements are in place.
- Ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by internal audit.
- Ensure the Audit Committee is independent of the Executive and accountable to the Council as a whole and provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment.
- Ensure that Audit Committee recommendations are appropriately reported and acted upon.

Managing Data

The Council will:-

- Ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
- Ensure effective arrangements are in place and operating effectively when sharing data with other bodies.
- Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring.

Strong public financial management

The Council will:-

- Ensure financial management supports both long term achievement of outcomes and short-term financial and operational performance.
- Ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Implementing good practice in transparency

The Council will:-

- Write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience ensuring easy accessibility.

- Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny.

- Maximise the publication of information by default unless privacy or confidentiality requirements prevail.

Implementing good practices in reporting

The Council will:-

- Report at least annually on performance, value for money and the stewardship of its resources to stakeholders in a timely and understandable way.
- Ensure robust arrangements for assessing the extent to which the principles contained in this Code have been applied and publish the results annually on this assessment including an action plan for improvement and evidence to demonstrate good governance (Annual Governance Statement).
- Ensure 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.

Assurance and effective accountability

The Council will:-

- Ensure that recommendations for corrective action made by external audit are acted upon.
- Ensure an effective internal audit service with direct access to Councillors is in place which provides assurance that governance arrangements and recommendations are acted upon.
- Welcome peer challenge, reviews and inspections from regulatory bodies and implement any recommendations.
- Gain assurance on risks associated with delivering services through third parties and evidence this in the annual governance statement.
- Ensure that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.