



Code of Corporate Governance
for the Borough of Rossendale Borough Council
March 2006

Code of Corporate Governance in Rossendale Borough Council

Foreword

Local Authorities have a key role in governing and leading their communities. Effective local government relies on public confidence in both elected members and officers who serve the community.

Good practices, procedures and leadership should give the public confidence in the services provided by Rossendale Borough Council. These ingredients form the principles of good corporate governance and need to be embedded in the culture of the authority and applied throughout the council in a consistent and transparent way.

By making a statement that high standards are expected from members and officers we hope to give a lead to the public, private, voluntary sector and potential partners. We feel that this will demonstrate the Council's commitment to the principles of corporate governance and that it is a key component for community government.

The aspects of good corporate governance are many and this code has been developed to cover the principles that it should embrace. To a significant extent the council already conforms to the principles of good governance and so has a sound base on which to review and build. It is intended that the Leader of the Council and Chief Executive review the Code each year by way of a report to the Standards Committee and that they implement the local code through the management structure and ensure that it is monitored to measure the effectiveness of the governance arrangements. In addition it is hoped this document can in addition act as a framework to help lead the Authority through the current modernisation process.

Approach

The Council aims to develop best practice in corporate governance by adopting a code to enable the council to monitor and review its performance and constantly update it when necessary.

It is hoped that this code will help demonstrate that the main principles of good governance which are –

- Openness and inclusivity
- Integrity
- Accountability

have been fully integrated into the conduct of the council's business.

It is also hoped that laying the responsibility on the Leader of the Council and the Chief Executive to review and monitor the effectiveness of the code on an annual basis will demonstrate the council's commitment to corporate governance. Through their leadership the principles of good governance will be exercised by providing a vision for the community and leading by example in decision making and other processes and actions. Through their example, support and monitoring will also ensure that members and managers conduct themselves in accordance with high standards of conduct.

Links with Community Leadership and Corporate Management

Corporate Governance is inextricably linked with corporate management systems as well as community leadership

The Code

The code is based on a number of key documents that set out various agreed processes and procedures of the council. Some of these documents have been in existence for some time and are currently being updated. Parts of the code relate to new procedures and processes that have yet to be developed and documented and this task is ongoing. In particular an all embracing local Council Constitution was adopted and published in October 2005 which will outline the council and officer structure, the working arrangements of the council for example delegation arrangements, rules relating to council proceedings, financial regulations and codes of conduct affecting members and officers of the council. Some of the main documents, of which some are still to be developed, to which the code has been linked, are as follows –

- The Constitution Document
- Members and Officers Codes of Conduct
- Standing orders on committee and council procedures
- Contracts Standing Orders
- Roles and responsibilities of Members and Senior Officers
- Relationships between Members and Officers
- Terms of Remuneration of Members and Senior Officers and the Review Arrangements
- Travel and Subsistence scheme for Members and Officers
- Financial Regulations
- Anti-Fraud Policy
- Whistle Blowing Policy
- Explanation of Local Democratic Structure
- Officer Structure
- Local Performance Plan and Performance Indicators
- Council Plan
- Annual Budget and relating process
- Medium Term Financial Plan
- Audit Plan
- Scheme for Officer Delegation
- Performance Management Arrangements including Staff Appraisal
- Procurement Strategy
- Training and Development Strategy
- Communications Strategy

The code has been developed using the guidance given by CIPFA and SOLACE and recognises the Nolan Report that drew up seven general principles of conduct that should underpin public service. As part of a new ethical framework for members the government has now prescribed a model code of conduct for members, which is based on the specified ten general principles of conduct. These ten general principles are-

Selflessness

1. Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

Honesty and Integrity

2. Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

Objectivity

3. Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability

4. Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

Openness

5. Members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

Personal Judgement

6. Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for Others

7. Members should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers, and its other employees.

Duty to Uphold the Law

8. Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

Stewardship

9. Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

Leadership

10. Members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

The code of corporate governance takes the form of a self-assessment on the various aspects of what might be seen as evidence of compliance with good practice. Where it is indicated that some aspects of our corporate governance procedures need to be strengthened then the necessary action will be completed by appropriate officers under the leadership of the Leader of the Council and the Chief Executive.

Format of the Code

The corporate governance code is broken down into 5 sections, which cover

- Community Focus
- Service Delivery Arrangements
- Structures and Processes
- Risk Management and Internal Control
- Standards of Conduct

The first three columns of each section contain the code and what evidence the council has to support the code. The next two columns contain an action plan with timescales with the people accountable indicated where further work is needed to strengthen corporate governance procedures.

A commentary and the progress on the improvements to the corporate governance arrangements identified in the action plan will be incorporated in the statement of accounts and the local best value performance plan in order that as wide an audience as possible can contribute to the process of improving the effectiveness of community and corporate governance.

ROSSENDALE BOROUGH COUNCIL CORPORATE GOVERNANCE PRINCIPLES

This local Code shows how we address the principles of corporate governance for each dimension of our business. The documents supporting compliance are listed in the attached appendix.

COMMUNITY FOCUS

| Aspects of Corporate Governance to Be Achieved by Council to Reflect Best Practice. | Practical Measures Taken to Reflect Compliance | Documents / Processes in Place to Support Compliance | Further work required | By whom |
|--|---|--|---|-----------------------------|
| <i>Through carrying out its general and specific duties and responsibilities and its ability to exert wider influence, the Council will:</i> | | | | |
| 1. Work for and with communities. | Community Strategy in place 2005-2020 Area Committees set up and referred to in the Constitution Community Involvement Strategy will inform future of AC's and influence role Statement of Community Involvement (Planning) | Community Strategy Area Committees Terms of Reference Statement of Community Involvement | Review to be carried out next year linked to sustainability guidance to be published by ODPM – expected September 2006. Further work to be carried out on the role of the Area Forums with community engagement /community leadership role. Link to Lancashire locals Further work to be carried out on reviewing the Constitution to consider whether it currently engages the community –review of the role of Full Council. Community? Involvement and Engagement Strategy | ISM LF LF |
| | LSP Communications strategy | LSP Ethnic Minority signage and documentation. | Audit of partnership to be carried out | ISM HL |
| 2. Exercise leadership in the local community where appropriate. | Community Strategy in place Corporate improvement Plan in place 2005-2008 Best Value Performance Plan in place Local Strategic Partnership in place E consultation panel | Community Strategy Corporate Plan /BVPP part of Corporate Improvement Plan Local Strategic Partnership / E.Lancs Econsultation panel | Review being carried out next year link to sustainability criteria (as above). Corporate Improvement Plan being updated for 2006-2009 | ISM CW/LN ISM |

COMMUNITY FOCUS (continued)

| Aspects of Corporate Governance to Be Achieved by Council to Reflect Best Practice. | Practical Measures Taken to Reflect Compliance | Documents / Processes in Place to Support Compliance | Further work required | By whom |
|---|---|--|---|---|
| <p>3. Undertake an 'ambassadorial' role to promote the wellbeing of the area through maintaining effective arrangements for :</p> <p>i) accountability to stakeholders and effectiveness in the delivery of services and the sustainable use of resources</p> | <p>Annual Accounts/financial statements provided with comprehensive working papers</p> <p>Best Value Performance plan part of corporate improvement plan</p> <p>Financial management action plan</p> <p>Medium term financial strategy</p> | <p>Annual Report and Accounts</p> <p>BVPP/BVPIs Action plan</p> <p>MTFS</p> | <p>Need to introduce a process of consultation with a range of stakeholders on content and format of future summary of accounts /user friendly format for annual report – press advert/web abridged versions. Need to manage our asset base</p> <p>To take action the use of resources feedback (see Statement of Internal Control)</p> | <p>PS</p> <p>LF/GG LN</p> <p>PS</p> |
| <p>ii) demonstrating openness and integrity in all its dealings</p> | <p>The Council promotes external accountability (See external report on Use of resources) annual audit letter and other audit /inspectorate reports</p> <p>Overview and Scrutiny Committee established</p> <p>Recent Corporate improvement assessment and external report on Use of Resources /awaiting inspection report on Environment Service</p> <p>Constitution in place – public speaking in place at all Committees.</p> | <p>Annual External Audit Letter/inspectorate reports</p> <p>Policy and Coordination Review Committee</p> <p>Constitution</p> | <p>The role of Overview and Scrutiny to be looked at over the forthcoming year</p> <p>Reviewed and updated by Head of Legal and Democratic Services</p> | <p>LF</p> <p>CW/GG</p> <p>LF</p> |
| <p>iii) developing and keeping up to date a corporate strategy in response to community needs.</p> | <p>Up to date Community Strategy in place Corporate Improvement Plan BVPP</p> <p>East Lancashire E. Consult Panel regular journeys (2-4 x year) Annul community conference feedback on Council and LSP plans)</p> | <p>Community Strategy Corporate Plan BVPP</p> <p>East lincs consultation panel/feedback</p> | | |

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| iv) demonstrating inclusivity by communicating and engaging with all sections of the community to encourage active participation. | Community Strategy Community Involvement and Engagement Strategy developed and Com. Cohesion. Action plan of Community Strategy in place | Community Strategy Action plans /strategies | Being reviewed next year to meet sustainability criteria | ISM |
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SERVICE DELIVERY ARRANGEMENTS

| Aspects of Corporate Governance to Be Achieved by Council to Reflect Best Practice. | Practical Measures Taken to Reflect Compliance | Documents / Processes in Place to Support Compliance | Further work required | By whom |
|---|--|---|--|---------------------------|
| <i>The Council will ensure that continuous improvement is sought, agreed policies are implemented and decisions carried out by maintaining arrangements which :</i> | | | | |
| 1. Discharge the Council's accountability for service delivery at a local level. | BVPP Best Value Reviews/ CPA assessments Corporate Improvement Plan | BVPP BVPIs Corporate Improvement Plan | 2006-2009 plan being finalised at the moment report to Cabinet June 2006 | LN CW/GG |
| 2. Ensure effectiveness through setting targets and measuring performance. | Corporate Improvement Plan includes BVPIs and KSIs Performance Management and information system –covalent accessible by managers/ members. Involvement of members in business planning Scrutiny Committee Reports Individual appraisal system in operation | Corporate Improvement Plan Monitoring Process (progress reports) re: Corporate and Service Plans Scrutiny Committee Appraisal system | New plan will introduce further KSIs To ensure use of the performance management and information system to train new Heads of Service in its use. Monitoring will take place of whether appraisals are completed for all staff | CW/GG LN CW |
| 3. Demonstrate integrity in dealings with service users to ensure the 'right' provision of services locally. | Budget Corporate Plan Member/Council priorities see annually. Business Plans follow Member Priorities | Corporate Plan/Budget Framework | | |
| 4. Develop partnerships to ensure the 'right' provision of services locally. | Leisure Trust Review of Leisure Trust Local Strategic Partnership Community Strategy Action planning outcomes from CPA assessments Revenues and Benefits currently going through his process / street Scene and liveability next year. | Partnership agreements and protocols Community Strategy BV Review outcomes | Development of client side role /performance management of partnering arrangements is required. | ISM/CT/HL |

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| 5. Demonstrate openness and inclusivity through consultation with key stakeholders, including service users. | Communication strategy Constitution Consultation strategy Community Involvement and Engagement Strategy being developed | Communication strategy Constitution Consultation Strategy | Community engagement and involvement strategy being developed | HL LF ISM |
| 6. Ensure that service delivery arrangements are flexible enough to ensure that they can be kept up to date and adapted to accommodate change and meet user wishes. | Action plans business planning incorporates recommendations of external audit reports /letter and inspectorate reports | Annual External Audit letter External Audit reports Inspectorate reports | | |

STRUCTURES AND PROCESSES

| Aspects of Corporate Governance to Be Achieved by Council to Reflect Best Practice. | Practical Measures Taken to Reflect Compliance | Documents / Processes in Place to Support Compliance | Further work required | By whom |
|--|--|---|--|---------------------|
| <i>The Council will establish effective political and managerial structures and processes to govern decision making and the exercise of authority within the organisation by maintaining arrangements to :</i> | | | | |
| <p>1. Defining the roles and responsibilities of members and officers to ensure accountability, clarity and ordering of the Authority's business.</p> | <p>Constitution /members/officers protocol/members code of conduct/defined roles within the Constitution</p> <p>eg s151 officer /monitoring officer/chief executive , Information is available to all staff there roles are understood by staff and members Advice on legality of matters /new legislation provided proactively</p> <p>member allowance scheme all within the Constitution and linked to job descriptions</p> <p>Recording of decisions in place/delegated decisions signed off by other Senior Management Team officers</p> <p>Clear members training plan in place –timetable drafted for next year Including but not limited to – induction/ Constitution/community leadership/probity and planning/Chairing skills</p> <p>Performance Delivery plans carried out last year and to be carried out again this year.</p> <p>Reports to Committee have risks identified /financial input and legal input</p> | <p>Constitution</p> <p>Constitution Job descriptions/ delegation scheme/ condition of employment/ statutory provisions/ reports/budget requirements</p> <p>Delegation scheme</p> <p>Members Training Plan</p> <p>Performance review/ appraisal</p> <p>Reports are signed off by Finance and legal</p> | <p>Consultation with members required prior to finalising the programme</p> <p>Work needs to be done on this to inform all staff</p> | <p>LF</p> <p>LF</p> |
| <p>2. Ensure that there is proper scrutiny and review of all aspects of performance and effectiveness.</p> | <p>Constitution- Overview and Scrutiny Committee-call in powers</p> <p>Timetable of council meetings to ensure effective review</p> | <p>Constitution</p> <p>Schedule of Council Meetings</p> | | |

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| 3. Demonstrate integrity by ensuring a proper balance of powers and authority. | Constitution | Constitution | | |
| 4. Demonstrate openness and inclusivity by documenting structures and processes clearly to ensure that they are communicated and understood. 5. Keeping structures and processes up to date and adapted to accommodate change | Constitution Feedback to LSP on mayor issues/projects Regular Reviews required overview and Scrutiny /Standards Committee | Constitution Overview and Scrutiny Committee and Standards Committee | This will be reviewed this year to ensure effective working of the constitution and training will be provided to staff /members on the Constitution | LF |

RISK MANAGEMENT AND INTERNAL CONTROL

| Aspects of Corporate Governance to Be Achieved by Council to Reflect Best Practice. | Practical Measures Taken to Reflect Compliance | Documents / Processes in Place to Support Compliance | Further work required | By whom |
|--|---|---|---|-----------|
| <i>The Council will establish and maintain a systematic strategy, framework and processes for managing risk, and together these arrangements will :</i> | | | | |
| 1. Demonstrate accountability by making public statements to stakeholders on the Council's risk management strategy, framework and processes. | Risk register Performance management system in place Business plan /corporate plan risks identified and regularly reviewed | Scrutiny Committee Performance management system Risk management | (See actions listed in Statement of Internal Control for 1, 2, 3, 4 and 5) Requirement to report risk management to appropriate committees /training required/review committee/cabinet terms of reference to deal with risk and governance remits/full council reporting to. To ensure corporate business risks are being managed | CW |
| 2. Put in place mechanisms for monitoring and reviewing effectiveness against agreed standards and targets, and the operation of controls in practice. | Constitution Corporate Risk register Job descriptions /person specs Internal Audit /DA liaison /inspectorate reports | Contracts Procedure Rules Finan. Procedure Rules Delegation Scheme Internal Audit Charter Corporate Risk Management Group Job Descs/Person Specs Dept. Training Plans Int. Audit/DA liaison DA/ Inspectorate reports | Need to have an Audit Committee /link to O&S relating to internal control report to Cabinet and Full council in March Identify training needs | LF |
| 3. Demonstrate integrity by having in place robust systems for identifying, profiling, controlling and maintaining all significant strategic and operational risks. | Corporate risk register Regular Management team meetings Strategic risk register | Corporate Risk Management Group Strategic Risk Profile | Working on programme management approach to corporate programme | CW |
| 4. Display openness and inclusivity , by involving all those associated with planning and delivery services, including partners. | Departmental risks identified in business plans Internal Audit Planning and reporting | Departmental Risk Internal Audit planning and reporting | Need to formalise risk management arrangements with all partnerships | ISM/CT/HL |

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| <p>5. Provide systems to ensure that risk management and control processes are monitored for continuing compliance to ensure that the processes are adapted for change and kept up to date.</p> | <p>Risk Management system in place DA review of Internal Audit Internal Audit Performance statistics reported to cabinet</p> | <p>Risk Management Review DA review of Internal Audit Internal Audit performance statistics and report to Cabinet.</p> | <p>Counter fraud strategy required</p> | <p>HL</p> |
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STANDARDS OF CONDUCT

| Aspects of Corporate Governance to Be Achieved by Council to Reflect Best Practice. | Practical Measures Taken to Reflect Compliance | Documents / Processes in Place to Support Compliance | Further work required | By whom |
|--|---|---|--|---------|
| <i>Members and Officers of the Council will :</i> | | | | |
| 1. Exercise leadership by conducting themselves as role models for others within the Authority to follow. | Council Procedure Rules in place Contract Procedure Rules in place Financial Procedure Rules in place Member /officer code of conduct All within the Constitution Standing orders | Council Procedure Rules Contract Proced. Rules Financial Proced. Rules Member/Officer Codes of Conduct | Contract Procedure Rules in place and a procurement strategy, we need to review the contract procedure rules in light of the recent changes to the legislation on procurement. | LF |
| 2. Demonstrate integrity through maintaining objectivity and impartiality in all relationships. | Standards Committee in place System of disclosure /declaration of personal interests | Standards Committee Disclosure/declaration of personal interests, related party transactions. | Further training to be provided to members on probity issues | LF |
| 3. Define standards of personal behaviour that are expected from members and staff and all those involved in service delivery. | Within the Constitution member /officer codes of conduct. Anti Fraud and Corruption Policy in place | Member/Officer Codes of Conduct Member/Officer Relations Protocol Anti Fraud & Corruption Policy | To be reviewed when new guidance comes out this year | LF |
| 4. Demonstrate accountability by establishing systems for investigating breaches and disciplinary problems and for taking appropriate actions, including arrangements for redress. | Whistleblowing policy in place Conditions of service in place | Whistleblowing Policy Conditions of Service | Regulation publicity (Daily Messages/Core Briefing) | |
| 5. Monitor compliance to ensure the effectiveness of systems. | Constitution Monitoring officer in place regular reviews of delegated authorisations /compliance with procedural rules Internal audit carried out | Constitution Monitoring Officer Internal Audit Services | | |
| 6. Ensure that standards are documented and clearly understood to display openness and inclusivity and are reviewed on a regular basis to ensure that they are kept up to date . | Delegation scheme copies of delegations held on central file/RIPA authorisations kept on central file. Registers of members interests established and maintained/officer interests/gifts and hospitality recorded | Internal systems of monitoring | Publicity – parks, offices, gifts | LF |