

City of York Council

Draft Code of Corporate Governance

Contents

SECTION		PAGE
1	Introduction	3
2	The Six Principles of Good Corporate Governance	4
3	The Council's Corporate Governance Arrangements	6
4	Monitoring, Review and Reporting	10
5	Key Documents and Activities	12
6	Contacts and Further Information	19

1.0 **Introduction**

1.1 Corporate governance is the system by which local authorities direct and control their functions and relate to the communities they serve. This extends to how the organisation accounts to, engages with and, where appropriate, leads their community. Good corporate governance requires local authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity and inclusivity.

1.2 The City of York Council is committed to demonstrating good corporate governance and has therefore established the necessary arrangements to meet this standard. This Code sets out what the Council's governance arrangements, and who within the Council is responsible for them. It also explains how the arrangements will be kept under review and monitored for compliance.

1.3 The Code is intended to demonstrate to all the Council's stakeholders;

- **Openness and Inclusively.** Necessary to ensure that stakeholders can have confidence in the decision-making and management processes of local authorities, and in the approach of the individuals within them. Being open through genuine consultation with stakeholders and providing access to full, accurate and clear information leads to effective and timely action and lends itself to necessary scrutiny. Openness also requires an inclusive approach, which seeks to ensure that all stakeholders and potential stakeholders have the opportunity to engage effectively with the decision-making processes and actions of local authorities. It requires an outward focus and a commitment to partnership working, and it encourages innovative approaches to consultation and to service provision.
 - **Integrity.** Necessary for trust in decision making and actions. It is based upon honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of public funds and the management of the Council's affairs. It is dependent on the effectiveness of the control framework and on the personal standards and professionalism of Members and officers. It is reflected in the Council's decision-making procedures, in its service delivery and in the quality of its financial and performance reporting.
 - **Accountability.** Necessary to show that Members and officers within the Council are responsible for their decisions and actions, including
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their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure.

2.0 The Principles of Good Corporate Governance

2.1 The CIPFA/SOLACE Framework defines six core principles that should underpin governance arrangements within local authorities¹. These principles are defined as follows:

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
4. Taking informed and transparent decisions which are subject to effective and managing risk
5. Developing the capacity and capability of members and officers to be effective
6. Engaging with local people and other stakeholders to ensure robust public accountability

2.2 The Code addresses the six core principles and the systems and processes that the Council has in place to support these.

2.3 The Code also explains how the Council intends to monitor and review its corporate governance arrangements.

¹ These principles are taken from *The Good Governance Standard for Public Services (2004)* developed by the Independent Commission on Good Governance in Public Services.

3.0 The Council's Corporate Governance Arrangements

Principle 1: Focussing on the Council's Purpose and Community Needs

3.1 The Council will develop a clear vision and purpose, identify intended outcomes and ensure that these are clearly communicated to all stakeholders of the organisation, both internal and external. In doing so, the Council will report regularly on its activities and achievements, and its financial position and performance. The Council will publish annually;

- The Council Plan, including externally verified performance information;
- Service Plans;
- The Statement of Accounts, incorporating the Annual Governance Statement.

3.2 In addition, the Council will keep its corporate strategies, objectives and priorities under constant review, so as to ensure that they remain relevant to the needs and aspirations of the community.

3.3.1 In undertaking all its activities, the Council will aim to deliver high quality services which meet the needs of service users. Delivery may be made directly, in partnership with other organisations or by a commissioning arrangement. Measurement of service quality will also be a key feature of service delivery. In addition, it will be necessary to measure whether value for money has been achieved in service delivery, and the Council will therefore continue to review this.

3.5 The Council will also seek to address any concerns or failings in service failure by adhering to and promoting its Complaints Procedure.

Principle 2: Having Clear Responsibilities and Arrangements for Accountability

3.6 To ensure accountability, the Constitution determines the roles and responsibilities of both the Council's executive and non-executive functions. In particular, the Council's Constitution;

- Clearly defines the statutory roles of Head of Paid Service, Section 151 Officer and Monitoring Officer;

- Sets out a protocol to address the working relationship between the Leader and the Chief Executive which enables each to negotiate and fulfil their respective roles;
- Includes schemes of Member and officer delegations;
- Includes protocols for partnership working that help to ensure that responsibilities are clearly defined and that relationships work effectively for the benefit of service users;
- Requires appropriate governance arrangements for partnerships, which define the legal status of the entity and also the extent to which decisions taken by the partnership will be binding for each organisation.

The Council's Constitution will be reviewed annually.

- 3.7 In preparing the Annual Governance Statement, the Council will review its involvement in current partnerships and the effectiveness of the governance arrangements in place for each one. The Council will also seek to establish a best practice toolkit for partnership working across the Council.

Principle 3: Good Conduct and Behaviour

- 3.8 The Council will conduct its activities in a manner which promotes high ethical standards and good behaviour. The following policies and protocols have been established and will be kept under review to assist the Council in fostering this culture:

- Member Code of Conduct
- Officer Code of Conduct
- Employee Code of Conduct
- Protocol on Officer/Member Relations
- Staff and Member Registers of Interest
- Whistleblowing policy
- Fraud and Corruption Response Plan

- 3.9 The aim is to develop a set of shared values which will underpin an ethos of good governance. This will be further supported by compliance with legislation and all relevant professional standards.
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3.10 The Council has also established a Standards Committee to discharge its responsibilities for promoting and maintaining high standards of Member conduct. The Standards Committee will meet every two months and monitor compliance against the national code of conduct for councillors.

3.11 Where the Council works in partnership it will continue to uphold its own ethical standards, as well as acting in accordance with the partnership's shared values and aspirations.

Principle 4: Informed, Transparent Decision Making and Managing Risk

3.12 The Council observes this principle through the;

- establishment of an effective scrutiny function;
- recording of all decisions taken and the reasons for those decisions;
- maintenance of registers to record potential conflicts of interest;
- operation of the independent Audit and Governance Committee;
- existence of an effective and transparent complaints procedure;
- provision of timely and relevant information to all interested parties;
- involvement of proper professional legal and/or financial expertise to inform decision-making;
- existence of an embedded risk management culture;
- existence of effective whistle blowing procedures;
- observation of all specific legislative requirements placed upon the Council.

3.13 The Council has established an scrutiny framework that enables decisions to be made which reflect the Council's strategic objectives and priorities. Members will be supported in decision making by ensuring that they are properly informed of all legal and resource considerations.

3.14 Risk management processes within the Council will be maintained so as to ensure that the risk and impact of decisions can be fully assessed.

Principle 5: Developing Skills and Capacity

3.15 The Council is continually seeking to develop the capacity and capability of both its Members and officers in recognition that the people who direct and control the organisation must have the right skills to do so. This is achieved through a commitment to training and development, as well as recruiting people with the right balance of knowledge and experience.

3.16 The Council will achieve this by:

- Operating Member and employee induction programmes;
- Providing career structures to encourage development;
- Regularly reviewing job descriptions and using these as the basis for recruitment;
- Working to a Training and Development Plan;
- Maintaining an effective performance management system;
- Encouraging a wide variety of individuals to participate in the work of the Council.

Principle 6: Engaging Stakeholders to Ensure Robust Accountability

3.17 The Council will seek the views of its stakeholders and respond appropriately. The Council will achieve this by:

- Publishing an annual Statement of Accounts and Council Plan to inform stakeholders and services users of the previous year's achievements and outcomes;
 - Setting a balanced budget;
 - Clearly identifying its stakeholders, in order to ensure that relationships with these groups continue to be effective;
 - Maintaining effective channels of communication which reach all groups within the community and other stakeholders as well as offering a range of consultation methods;
 - Producing an annual report on the performance of the scrutiny function
 - Providing a variety of opportunities for the public to engage effectively with the Authority including attending meetings;
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- Continuing to operate the Talkabout Citizen's Panel;
- Presenting itself in an open and accessible manner to ensure that Council matters are dealt with transparently, in so far as the need for confidentiality allows;
- Developing a consultation policy which will outline how staff and their representatives are consulted and involved in decision-making.

4.0 Monitoring, Review and Reporting

4.1 The Council has two Committees that are jointly responsible for monitoring and reviewing the Council's corporate governance arrangements:

- The Audit and Governance Committee;
- The Standards Committee.

The two committees will liaise on any issue, principally matters relating to corporate governance that may be of common concern to both.

4.2 The Audit and Governance Committee is independent of the Council's Executive and Scrutiny and has various powers and responsibilities in relation to audit and governance issues, as detailed in the Constitution.

4.3 The Standards Committee meets every two months to promote and maintain high standards of conduct by Councillors and co-opted Members of the Council. The Committee also assists Councillors to observe the Code of Conduct adopted by City of York Council under section 51 of the Local Government Act 2000 and provides advice to the Council on issues relating to Member/officer relations. The Committee includes independent members.

4.4 Further to the two Member committees outlined above, the Council has also established an Officer Governance Group which is responsible for overseeing the delivery of an integrated programme of work to support the development of robust corporate governance arrangements, and to keep implementation of such arrangements under on-going review.

4.5 The Council is required to annually review the effectiveness of its system of internal control². This review will seek to:

- Identify principal risks to the achievement of Council objectives;
- Identify and evaluate key controls to manage principal risks;
- Obtain assurances of the effectiveness of key controls;
- Evaluate assurances and identify gaps in control/assurances.

² As required by Regulation 4 of the Accounts and Audit Regulations (2003), as amended 2006.

The Annual Governance Statement

- 4.6.1 Following the annual review by Internal Audit, an Annual Governance Statement (AGS) will be published as part of the Council's Statement of Accounts. This will provide an overall assessment of the Council's corporate governance arrangements. In publishing the AGS, the Council will be fulfilling its duties to publish a Statement on Internal Control³.
- 4.8 Action plans will be drawn up in response to any significant control weakness identified in the AGS. A follow up process will be overseen by the Officer Governance Group to ensure continuous improvement of the system of corporate governance.

³ As required by regulation 4 of the Accounts and Audit Regulations (2003), as amended 2006

5.0 Key Documents and Activities

Document/ Activity	Key Governance Principle					
	Focussing on the Council's purpose and Community Needs	Having Clear Responsibilities and Arrangements for Accountability	Good Conduct and Behaviour	Informed, Transparent Decision Making and Managing Risk	Developing Skills and Capacity	Engaging Stakeholders to Ensure Robust Accountability
Overall Responsibility: Chief Executive (Head of Paid Service)						
Lead Officer: Director of People & Improvement						
Constitution	✓	✓	✓	✓	✓	✓
Corporate Strategy	✓	✓				✓
Constitutional arrangements for Statutory Officers (Head of Paid Service, Monitoring Officer, Section 151 Officer)	✓	✓		✓		
Council and Executive Procedure Rules	✓	✓	✓	✓		
Member Code of Conduct			✓		✓	
Officer Code of Conduct			✓		✓	
Overview and Scrutiny Function	✓	✓		✓		✓
Council Plan / Best Value Performance Plan	✓	✓		✓		✓
Comprehensive	✓	✓		✓		

Document/ Activity	Key Governance Principle					
	Focussing on the Council's purpose and Community Needs	Having Clear Responsibilities and Arrangements for Accountability	Good Conduct and Behaviour	Informed, Transparent Decision Making and Managing Risk	Developing Skills and Capacity	Engaging Stakeholders to Ensure Robust Accountability
Performance Assessment						
Overall Responsibility: Director of People and Improvement						
Lead Officer: Director of People and Improvement						
Service Plans	✓					
Equal Opportunities Policy	✓		✓	✓		
Performance Management			✓	✓	✓	
Talkabout Citizens Panel	✓	✓		✓		✓
Overall Responsibility: Director of People and Improvement						
Lead Officer: Head of Civic, Democratic and Legal Services (Monitoring Officer)						
Member Allowances Scheme		✓	✓			
Standards Committee		✓	✓	✓		
Monitoring Officer Protocol		✓	✓	✓		
Members Induction Scheme			✓		✓	
Schedule of Council		✓		✓		✓

Document/ Activity	Key Governance Principle					
	Focussing on the Council's purpose and Community Needs	Having Clear Responsibilities and Arrangements for Accountability	Good Conduct and Behaviour	Informed, Transparent Decision Making and Managing Risk	Developing Skills and Capacity	Engaging Stakeholders to Ensure Robust Accountability
Meetings						
Members Scheme of Delegation		✓	✓	✓		
Protocol on Officer/Member Relations		✓	✓	✓		
Procedure Rules of Standing Orders		✓	✓	✓		
Decision Making Protocols		✓	✓	✓		
Complaints Procedure		✓	✓	✓		✓
Overall Responsibility: Director of City Strategy						
Lead Officer: Director of City Strategy						
Local Area Agreement	✓					✓
Community Strategy	✓					✓
Corporate Business Continuity Plan	✓					
Local Strategic Partnership	✓					✓
Partnership working and governance	✓				✓	

Document/ Activity	Key Governance Principle					
	Focussing on the Council's purpose and Community Needs	Having Clear Responsibilities and Arrangements for Accountability	Good Conduct and Behaviour	Informed, Transparent Decision Making and Managing Risk	Developing Skills and Capacity	Engaging Stakeholders to Ensure Robust Accountability
arrangements						
Overall Responsibility: Director of Learning Culture and Children's Services						
Overall Responsibility: Director of Housing and Adult Social Services						
Overall Responsibility: Director of Neighbourhood Services						
Overall Responsibility: Director of People and Improvement						
Lead Officer: Head of Human Resources						
HR Procedure Rules			✓	✓	✓	
Recruitment and Selection Policy			✓		✓	
Whistle Blowing Policy			✓	✓		
Staff Induction Programme			✓		✓	
Employee Training and Development			✓		✓	

Document/ Activity	Key Governance Principle					
	Focussing on the Council's purpose and Community Needs	Having Clear Responsibilities and Arrangements for Accountability	Good Conduct and Behaviour	Informed, Transparent Decision Making and Managing Risk	Developing Skills and Capacity	Engaging Stakeholders to Ensure Robust Accountability
Register of Staff Interests/ Conflicts of Interest			✓	✓		
Health and Safety Policy			✓		✓	
Employee Code of Conduct			✓			
Overall Responsibility: Director of Resources (S151 Officer)						
Overall Responsibility: Head of Finance						
Budget Process and Budget Management	✓	✓		✓	✓	
Medium Term Financial Strategy	✓	✓		✓	✓	
Capital Programme	✓	✓		✓		
Annual Statement of Accounts	✓			✓		
Officers Scheme of Delegation		✓	✓	✓		
Overall Responsibility: Director of Resources						
Lead Officer: Assistant Director Resources, Audit & Risk Management (Chief Internal Auditor)						

Document/ Activity	Key Governance Principle					
	Focussing on the Council's purpose and Community Needs	Having Clear Responsibilities and Arrangements for Accountability	Good Conduct and Behaviour	Informed, Transparent Decision Making and Managing Risk	Developing Skills and Capacity	Engaging Stakeholders to Ensure Robust Accountability
Audit and Governance Committee	✓	✓	✓	✓		✓
Role of Officer Governance Group		✓	✓	✓		
Annual Governance Statement (incl. Statement on Internal Control)	✓	✓	✓	✓	✓	✓
Internal Audit Reports		✓	✓	✓		
Annual Audit Letter	✓	✓		✓		
Liaison with External Audit		✓				✓
Fraud and Corruption Response Plan	✓	✓	✓	✓		
Financial Regulations		✓	✓	✓		
Contract Procedure Rules		✓	✓	✓		
Procurement Strategy		✓	✓	✓		

6.0 Contacts and Further Information

- 6.1 Further details of the Council's Corporate Governance arrangements can be obtained on the Council's website www.york.gov.uk or by contacting:

Name, position

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The Guildhall,
York
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