Draft Code of Corporate Governance

Purpose of report
To present to Members for consideration and approval a draft Code of Corporate Governance following recent updates by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) to the Framework on Delivering Good Governance in Local Government.

Attachment(s)
Appendix B: Draft Code of Corporate Governance

1. Background

1.1. The Council is committed to good governance as it recognises that it leads to good management, good performance, good stewardship of public funds, good public engagement and ultimately, good outcomes for citizens and service users. Good governance is about doing the right thing, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It also supports the Council to achieve corporate outcomes in an effective way.

1.2. In 2007 the CIPFA/SOLACE Good Governance Framework introduced a requirement for Local Authorities to produce a Local Code of Governance by way of documenting the Council’s commitment to effective corporate governance. The framework has recently been updated. In the light of this revised framework, the Council’s Code of Corporate Governance has been amended accordingly. It was last updated in 2009.

2. Delivering Good Governance in Local Government Framework

2.1. The Accounts and Audit Regulations 2015 (the Regulations) require a local authority to conduct a review, at least once in a year, of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. The Annual Governance Statement (AGS) fulfils that requirement, and the Regulations stipulate that the AGS should be prepared in accordance with the Delivering Good Governance in Local Government: Framework published by CIPFA/SOLACE.

2.2. CIPFA/SOLACE have updated the Framework to reflect the environment within which a local authority now operates. Local government structures and responsibilities are developing and local authorities have a responsibility to ensure that they meet the highest standards and that governance arrangements are not only sound but are seen to be sound.

2.3. The Framework is attached to this report as Appendix A. Page 11 of the Framework includes a diagram illustrating the various principles of good governance in the public sector and how those principles relate to each other. Those principles are then further expanded in the subsequent pages.
2.4 The Framework makes it clear that it is for each local authority to:
   a) set out its commitment to the principles of good governance included in the Framework
   b) determine its own governance structure, or local code, underpinned by these principles
   c) ensure that it operates effectively in practice.

2.5 It is suggested that the core governance principles of the Council are:
   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; and
   f) Managing risks and performance through robust internal control and strong public financial management.

2.6 A revised Code of Corporate Governance is attached as Appendix B. It is proposed that the Council’s Code of Corporate Governance includes all of the sub-principles detailed in the Framework and these will form part of the evaluation that takes place in preparation of the AGS each year.

3. Conclusion

3.1 In order to continue to demonstrate the Council’s firm commitment to sound corporate governance, the Committee is asked to recommend adoption of the revised Code to Council.

4. Equality and Diversity Implications

4.1 There are no equality and diversity implications arising from this report.

5. Legal Implications

5.1 There are no legal implications as a result of this report.

6. Risk Management

6.1 By adopting the revised Code of Corporate Governance, the Council will be following best practise guidance which will help to minimise the risk of failure in areas of control and risk management across the organisation through a continuous process of regular evaluation and review.

7. Resource and Financial Implications

7.1 There are no direct resource or financial implications arising from this report.

8. Constitutional Implications

8.1 The Code of Corporate Governance forms part of the Policy Framework for the Council (see Article 4 Part 2 of the Constitution) and as such needs to be agreed by (full) Council.
9. **Customer Service Implications**

9.1. This report does not impact directly on customers. However, the process of regular evaluation and review should help to improve governance arrangements around services to our customers.

10. **Corporate Outcomes**

10.1. This report links to the following Corporate Outcomes:

- Effective Management  
  *(Seeking to improve governance arrangements across the organisation, which contributes to the effective management of the Council)*

11. **Recommendation**

11.1. That the Governance and Audit Committee **resolves to recommend** adoption of the revised Code of Corporate Governance (Appendix B) to the Council.

  *(Reason: To allow for review of the Code of Corporate Governance and ensure it meets best practice).*

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**Legal**

- Other considerations: CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

**Background Papers:**

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**Date:** 19/05/2017

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delivering good governance in Local Government Framework 2016 Edition
CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed. As the world’s only professional accountancy body to specialise in public services, CIPFA’s qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance.

CIPFA values all feedback it receives on any aspects of its publications and publishing programme. Please send your comments to publications@cipfa.org

Solace, the Society of Local Authority Chief Executives and Senior Managers, is the representative body for senior strategic managers working in the public sector. We are committed to public sector excellence. We provide our members with opportunities for personal and professional development and seek to influence the debate about the future of public services to ensure that policy and legislation reflect the experience and expertise of our members.
CIPFA and Solace have drawn together the following members of the Joint Working Group and are grateful to them and to their employing organisations for their time and assistance in preparing this Delivering Good Governance in Local Government: Framework.

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CHAPTER ONE

Introduction

1.1 Governance arrangements in the public services are keenly observed and sometimes criticised. Significant governance failings attract huge attention – as they should – and one significant failing can taint a whole sector. Local government organisations are big business and are vitally important to tax payers and service users. They need to ensure that they meet the highest standards and that governance arrangements are not only sound but are seen to be sound.

1.2 It is crucial that leaders and chief executives keep their governance arrangements up to date and relevant. The main principle underpinning the development of the new *Delivering Good Governance in Local Government: Framework* (CIPFA/Solace, 2016) (‘the Framework’) continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

1.3 The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector’s governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term. Local authorities have responsibilities to more than their current electors as they must take account of the impact of current decisions and actions on future generations.
Section 3.7 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 notes:

Regulation 6(1)(a) of the Accounts and Audit Regulations 2015, Regulation 4(2) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, Regulation 5(2) of the Local Authority Accounts (Scotland) Regulations 2014 and Regulation 5(2) of the Accounts and Audit (Wales) Regulations 2014 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England) (as a part of the Annual Accounts (Scotland)). Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, Regulation 4(4) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and Regulation 5(4) of the Local Authority Accounts (Scotland) Regulations 2014 require that for a local authority in England, Northern Ireland and Scotland the statement is an Annual Governance Statement.

The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. In England the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be “prepared in accordance with proper practices in relation to accounts”. Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016) and this section of the Code.

This Framework applies to annual governance statements prepared for the financial year 2016/17 onwards.
CHAPTER THREE
Requirements

3.1 The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework by:
- reviewing existing governance arrangements
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

3.2 The term ‘local code’ essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.

3.3 To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.

3.4 It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.
CHAPTER FOUR

Applicability and terminology

APPLICABILITY

4.1 The Framework is for all parts of local government and its partnerships, including:

- county councils
- district, borough and city councils
- metropolitan and unitary councils
- the Greater London Authority and functional bodies
- combined authorities, city regions, devolved structures
- the City of London Corporation
- combined fire authorities
- joint authorities
- police authorities, which for these purposes since 2012 includes both the police and crime commissioner (PCC) and the chief constable
- national park authorities.

4.2 The Framework is applicable to a system involving a group of local government organisations as well as to each of them individually. The Framework principles are therefore intended to be relevant to all organisations and systems associated with local authorities, ie joint boards, partnerships and other vehicles through which authorities now work. However, a one-size-fits-all approach to governance is inappropriate. Not all parts of the Framework will be directly applicable to all types and size of such structures, and it is therefore up to different authorities and associated organisations to put the Framework into practice in a way that reflects their structures and is proportionate to their size.

TERMINOLOGY

4.3 The terms ‘authorities’, ‘local government organisations’ and ‘organisations’ are used throughout this Framework and should be taken to cover any partnerships and joint working arrangements in operation.

4.4 In the police service, where the accountabilities rest with designated individuals rather than a group of members, terms such as ‘leader’ should be interpreted as relating to the PCC or the chief constable as appropriate.
CHAPTER FIVE
Guidance notes

5.1 In recognition of the separate legislation applicable to different parts of local government, guidance notes to accompany the Framework have been developed for:

- local government in England (excluding police)
- local government in Wales (excluding police)
- police in England and Wales
- local government in Scotland.

5.2 The guidance notes, which should be used in conjunction with the Framework, are intended to assist authorities across their governance systems, structures and partnerships in reviewing their governance arrangements. It will also help them in interpreting the overarching principles and terminology contained in the Framework in a way that is appropriate for their governance structures, taking account of the legislative and constitutional arrangements that underpin them.
DEFINING THE CORE PRINCIPLES AND SUB-PRINCIPLES OF GOOD GOVERNANCE

6.1 The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the ‘International Framework’), illustrates the various principles of good governance in the public sector and how they relate to each other.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times

The International Framework notes that:

Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.
DEFINING GOVERNANCE

6.2 The International Framework defines governance as follows:

*Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*

The International Framework also 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.*

*Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.*

6.3 In local government, the governing body is the full council or authority. In the police, PCCs and chief constables are corporations sole and are jointly responsible for governance. The many references to ‘members’ in the tables which follow should be read in the context that the principles set out apply equally in the police.

PRINCIPLES OF GOOD GOVERNANCE IN LOCAL GOVERNMENT

6.4 The core principles and sub-principles of good governance set out in the table below are taken from the International Framework. In turn they have been interpreted for a local government context.

It is up to each local authority or local government organisation to:

- set out its commitment to the principles of good governance included in this Framework
- determine its own governance structure, or local code, underpinned by these principles
- ensure that it operates effectively in practice.
Core principles and sub-principles of good governance

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<thead>
<tr>
<th>Core principles (shown in bold)</th>
<th>Sub-principles (shown in bold)</th>
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<tbody>
<tr>
<td>Acting in the public interest requires a commitment to and effective arrangements for:</td>
<td>Behaviours and actions that demonstrate good governance in practice are illustrated in the bullet points.</td>
</tr>
<tr>
<td><strong>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</strong></td>
<td><strong>Behaving with integrity</strong></td>
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<td>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</td>
<td>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</td>
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<td>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)</td>
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<td>Leading by example and using the above standard operating principles or values as a framework for decision making and other actions</td>
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<td>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</td>
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<td>Seeking to establish, monitor and maintain the organisation’s ethical standards and performance</td>
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<td>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation</td>
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<td>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</td>
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<td>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</td>
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Core principles (shown in bold) | Sub-principles (shown in bold)
---|---
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

B. Ensuring openness and comprehensive stakeholder engagement
Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

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

Engaging comprehensively with institutional stakeholders
NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.
- 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
CHAPTER SIX \ THE PRINCIPLES OF GOOD GOVERNANCE – APPLICATION

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<th>Sub-principles (shown in bold)</th>
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| 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:  
  - trust  
  - a shared commitment to change  
  - a culture that promotes and accepts challenge among partners  
  and that the added value of partnership working is explicit |
| 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 (or other) 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 with regard to 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 |
Principles (shown in bold)
In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:

Sub-principles (shown in bold)
Behaviours and actions that demonstrate good governance in practice are illustrated in the bullet points.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

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

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
### Principles (shown in bold) | Sub-principles (shown in bold)
--- | ---
**D. Determining the interventions necessary to optimise the achievement of the intended outcomes**
Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

**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

**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
- Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy
Principles (shown in bold) | Sub-principles (shown in bold)
---|---
**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 ongoing decisions on significant delivery issues or responses to changes in the 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

**E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

**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

**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
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<th>Principles (shown in bold)</th>
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<tr>
<td>- 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 environmental changes and risks by:</td>
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<td>- ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</td>
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<td>- 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 update their knowledge on a continuing basis</td>
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<td>- ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</td>
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<td>- Ensuring that there are structures in place to encourage public participation</td>
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<td>- Taking steps to consider the leadership’s own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</td>
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<td>- Holding staff to account through regular performance reviews which take account of training or development needs</td>
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<td>- 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</td>
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Principles (shown in bold) Sub-principles (shown in bold)

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

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.

Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

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

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
  (Or, for a committee system)
- Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making
- 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 (eg financial statements)
<table>
<thead>
<tr>
<th>Principles (shown in bold)</th>
<th>Sub-principles (shown in bold)</th>
</tr>
</thead>
</table>
| **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:  
  - provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment  
  - that its recommendations are listened to and acted upon |
| **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 |
| **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 |
Principles (shown in bold)  Sub-principles (shown in bold)

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

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

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
- 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

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

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
CHAPTER SEVEN

Annual review and reporting

THE ANNUAL GOVERNANCE STATEMENT

7.1 Local authorities are required to prepare an annual governance statement (see Chapter two) in order to report publicly on the extent to which they comply with their own code of governance, which in turn is consistent with the good governance principles in this Framework. This includes how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework.

7.2 The annual governance statement is a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes. It should reflect an individual authority’s particular features and challenges.

7.3 The annual governance statement should provide a meaningful but brief communication regarding the review of governance that has taken place, including the role of the governance structures involved (such as the authority, the audit and other committees). It should be high level, strategic and written in an open and readable style.

7.4 The annual governance statement should be focused on outcomes and value for money and relate to the authority’s vision for the area. It should provide an assessment of the effectiveness of the authority’s governance arrangements in supporting the planned outcomes – not simply a description of them. Key elements of an authority’s governance arrangements are summarised in the next section.

7.5 The annual governance statement should include:

- an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority’s code of governance

- reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the authority, the executive, the audit committee, internal audit and others as appropriate

- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework
- an agreed action plan showing actions taken, or proposed, to deal with significant governance issues
- reference to how issues raised in the previous year's annual governance statement have been resolved
- a conclusion – a commitment to monitoring implementation as part of the next annual review.

7.6 The annual governance statement should be signed by the leading member (or equivalent) and chief executive (or equivalent) on behalf of the authority.

7.7 The annual governance statement should be approved at a meeting of the authority or delegated committee (in Scotland, the authority or a committee with a remit including audit or governance).

7.8 Local authorities are required to include the annual governance statement with their statement of accounts. As the annual governance statement provides a commentary on all aspects of the authority’s performance, it is appropriate for it to be published, either in full or as a summary, in the annual report, where one is published. It is important that it is kept up to date at time of publication.

GOVERNANCE ARRANGEMENTS

7.9 Key elements of the structures and processes that comprise an authority’s governance arrangements are summarised below. They do not need to be described in detail in the annual governance statement if they are already easily accessible by the public, for example through the authority’s code of governance.

- Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- Documenting a commitment to openness and acting in the public interest.
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
- Translating the vision into courses of action for the authority, its partnerships and collaborations.
- Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.
- Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.
Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.

Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) or CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable (2014) as appropriate and, where they do not, explain why and how they deliver the same impact.

Ensuring effective arrangements are in place for the discharge of the monitoring officer function.

Ensuring effective arrangements are in place for the discharge of the head of paid service function.

Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.

Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

Ensuring an effective scrutiny function is in place.

Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.

 Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013).

 Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority’s overall governance structures.
Code of Corporate Governance
Introduction

Good governance
Good governance is about how the Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner.

Our commitment
East Northamptonshire Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased trust in the Council and ultimately good outcomes.

Good governance flows from shared values, culture and behaviour and from systems and structures. This Code of Corporate Governance is a public statement that sets out the framework through which the Council meets its commitment to good corporate governance.

The Governance Framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

Corporate governance of East Northamptonshire is based on the following principles recommended by CIPFA/SOLACE in a joint document entitled 'Delivering Good Governance in Local Government' which builds on the seven Principles for the Conduct of Individuals in Public Life (Appendix A):

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 optimize the achievement of the intended outcomes.
E. Developing the entity'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 document describes how the Council achieves the seven principles of good governance and describes how the Council's corporate governance arrangements will be monitored and reviewed.
Achieving the Intended Outcomes
While Acting in the Public Interest at all Times

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 optimize the achievement of the intended outcomes

E. Developing the entity’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
### Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

<table>
<thead>
<tr>
<th>Supporting Principles</th>
<th>East Northamptonshire Council meets the requirements of this Principle as follows:</th>
<th>This is evidenced by:</th>
</tr>
</thead>
</table>
| Behaving with integrity. | • The Council’s leadership sets a tone for the organisation by creating a climate of openness, support and respect through its Constitution, Corporate Plan and other key policies.  
   • The Council’s Codes of Conduct for officers and members, and supporting guidance, communicate the expectation 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 organisation. The Council’s Constitution (Part 5) sets out the underlying principles which underpin the Codes of Conduct, based on the Seven Principles of Public Life (the Nolan Principles).  
   • The Council has in place a Knowledge, Skills and Behaviours Framework (KSB), which ensures that East Northamptonshire’s vision and values are communicated to, and understood by, staff. This framework forms the basis of the annual staff appraisal process.  
   • The Council has in place arrangements to ensure that Councillors and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders, and has in place appropriate processes to ensure that they continue to operate in practice. This includes maintaining the statutory Register of Members Interests, and requiring officers to make Declarations of Interests where appropriate.  
   • The Council also has a Joint Standards Complaints Committee which promotes and maintains high standards of conduct for Councillors and provides guidance and training on the Code of Conduct. It is also responsible for the governance of the Town and Parish Councillors in the district.  
   • The Council has in place arrangements to ensure that core corporate policies and processes are designed in conformity with ethical standards, and are reviewed on a regular basis to ensure they are operating effectively. | • Council Corporate Plan  
   • The Council’s Constitution  
   • Joint Standards Complaints Committee  
   • Members Code of Conduct  
   • Member/Officer Protocol  
   • Officers Code of Conduct  
   • Knowledge, Skills and Behaviours Framework  
   • Register of Members’ Interests  
   • Declaration of Interest Guidance  
   • Rules for Officers Relating to Gifts and Hospitality  
   • Members Induction/Training  
   • Financial Regulations  
   • Contract Procedure Rules  
   • Scheme of Delegation  
   • Grievance Policy and Procedure  
   • Information Governance Policies |
### Demonstrating strong commitment to ethical values.

- The Council’s Constitution establishes a clear ethical framework for the Council’s operation, and core corporate policies and procedures place emphasis on agreed ethical values. It is reviewed regularly to ensure legal compliance and to reflect the changing context in which councils operate.
- The Council’s Codes of Conduct and KSB Framework ensures that personal behaviour is underpinned with ethical values which permeate all aspects of the organisation’s culture and operation.
- The Council maintains an effective Governance and Audit Committee which oversees governance, the Constitution, ethics and probity.
- The Council’s Shared Service Strategy sets out key considerations to ensure that partnerships act with integrity and in compliance with the ethical standards expected by the organisation.

- The Council’s Constitution
- Governance and Audit Committee
- Shared Service Strategy and Checklist
- Members Code of Conduct
- Member/Officer Protocol
- Officers Code of Conduct
- Knowledge, Skills and Behaviours Framework
| Respecting the rule of law. | • The Council’s policies and culture set the tone for members and staff to demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations, and ensure that statutory officers, other key post holders, and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.  
• The Council maintains and implements a Whistleblowing Policy to enable employees to raise any concerns of wrongdoing in confidence and without fear of reprisal. External suppliers, members of the public and Councillors may raise any concerns about suspected illegal or illegitimate practices via the Council's formal Complaints Procedure.  
• The Council recognises the limits of lawful action and observes both the specific requirements of legislation and the general responsibilities placed on it by public law. The Council observes all specific legislative requirements placed upon it, as well as the requirements of general law, and deals with breaches of legal and regulatory provisions effectively. The Council strives to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.  
• The Council ensures corruption and misuse of power are dealt with effectively through the Corporate Counter Fraud Strategy.  
| • Corporate Counter Fraud Strategy  
• Anti-Money Laundering Policy  
• Whistleblowing Policy  
• Formal Complaints Procedure  
• Role of the Monitoring Officer as per the Constitution  
• Members Code of Conduct  
• Officers Code of Conduct |
## Principle B: Ensuring openness and comprehensive stakeholder engagement

<table>
<thead>
<tr>
<th>Supporting Principles</th>
<th>East Northamptonshire Council meets the requirements of this Principle as follows:</th>
<th>This will be evidenced by:</th>
</tr>
</thead>
</table>
| **Openness.**         | • The Council’s Constitution and Committee system ensures that decision-making is open. Scrutiny and the Governance and Audit Committee provides appropriate oversight and challenge to match the organizational commitment to openness.  
• The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Committee meetings are held in public, and minutes and papers are available to the public on the Council’s website, including regular financial and performance forecasts. If a decision needs to be kept confidential, then the justification for this is provided.  
• The Council’s Corporate Plan, Statements of Accounts, and key policies and strategies are available through the East Northamptonshire Council Website.  
• An effective Internal Audit function is resourced and maintained, with regular reporting to the Governance and Audit Committee. The Governance and Audit Committee also review External Audit reports as well as reports by other external inspection bodies such as the Local Government Ombudsman  
• The Council is committed to being transparent, accountable and to increasing the amount of data it publishes for reuse by others. The Council maintains a Publication Scheme listing the information available to the public as a matter of course.  
• The Council uses formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action where appropriate. | • The Council’s Constitution  
• Committee System  
• Internal Audit  
• Governance and Audit Committee  
• Publication Scheme  
• Freedom of Information  
• FOI Disclosure Log  
• East Northamptonshire Council Website  
• Corporate Plan  
• Statement of Accounts  
• Committee agendas, reports and minutes  
• Register of Members’ Interests  
• East Northamptonshire Residents Panel |
| Engaging comprehensively with institutional stakeholders. | • The Council works with institutional stakeholders to whom the authority is accountable, to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.  
• The Council aims to develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. The Council’s Shared Service Strategy aims to ensure that partnerships are based on trust, a shared commitment to change, and a culture that promotes and accepts challenge among partners.  
• The Council aims to create a positive culture of sharing information with the aim of improving service delivery subject to provisions in the Data Protection Act. | • Shared Service Strategy  
• The Council’s Constitution  
• Publication Scheme  
• Town Clerk Meetings |
|---|---|---|
| Engaging with individual citizens and service users effectively. | • The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Committee meetings are held in public, and minutes and papers are available to the public on the Council’s website, including regular financial and performance forecasts. If a decision needs to be kept confidential, then the justification for this is provided.  
• The Council consults on its Corporate Plan proposals and other key aspects of its vision, strategic plans and priorities, with the local community and other key stakeholders. The Council takes account of the impact of decisions on future generations of taxpayers and service users.  
• The Council encourages, collects and evaluates the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. The Council maintains a customer feedback and complaints procedure to enable stakeholders to submit their views on Council performance and services.  
• A clear Consultation Strategy sets out how the organisation 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 | • Consultation Strategy  
• Public consultation  
• Youth Conference  
• Customer Contact Centre and Complaints Procedure  
• East Northamptonshire Residents Panel  
• Council Website  
• Local Media  
• Corporate Leaflets  
• Reports & public documents  
• Displays, exhibitions & road shows  
• Social Media (Twitter, Facebook)  
• EnCircle (quarterly council newsletter)  
• Customer Services Strategy  
• GovMetric Customer Feedback |
# Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

<table>
<thead>
<tr>
<th>Supporting Principles</th>
<th>East Northamptonshire Council meets the requirements of this Principle as follows:</th>
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<tbody>
<tr>
<td><strong>Defining outcomes.</strong></td>
<td>This will be evidenced by:</td>
</tr>
<tr>
<td></td>
<td>- The Council’s Corporate Plan forms its agreed statement of the organisation’s purpose and intended outcomes and provides the basis for the authority’s overall strategy, planning and other decisions. The Corporate Plan sets out the Council’s Vision and defines the key outcomes for the people of East Northamptonshire. Specific Council strategies and policies link to the outcomes defined in the Corporate Plan.</td>
</tr>
<tr>
<td></td>
<td>- The Corporate Plan sets out how the Council will deliver defined outcomes on a sustainable basis, within the resources that will be available. It also specifies the intended impact on, or changes for, stakeholders including citizens and service users, for the next four years (2015-2019).</td>
</tr>
<tr>
<td></td>
<td>- Service Plans set out Key Performance Indicators (KPIs), to be used to assess the achievement of the Council’s outcomes. KPIs are reported to Corporate Management Team and Scrutiny Committee as part of the regular performance reporting process.</td>
</tr>
<tr>
<td></td>
<td>- The Council operates a risk management system to identify and manage risks to the achievement of outcomes. The Corporate Risk Register is reported to and reviewed by Service Teams, the Council’s Corporate Management Team and Governance and Audit Committee on a regular basis.</td>
</tr>
<tr>
<td></td>
<td>- Corporate Plan</td>
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<tr>
<td></td>
<td>- Corporate Management Team</td>
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<tr>
<td></td>
<td>- Service Plans</td>
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<tr>
<td></td>
<td>- Risk Management Strategy</td>
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<tr>
<td></td>
<td>- Risk Register</td>
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<td></td>
<td>- Statement of Accounts</td>
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<td></td>
<td>- Financial and Performance Reports</td>
</tr>
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<td></td>
<td>- Efficiency Plan</td>
</tr>
</tbody>
</table>
| Sustainable economic, social and environmental benefits. | • The Council considers and balances the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. The Council seeks to take a longer-term view with regard to decision-making, which takes account of risks.  
• Equality Impact Assessments are undertaken for the key actions included in the Council’s Corporate Plan, which identify the impact of potential decisions on different groups within the communities affected by the proposals.  
• The Council seeks to determine 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.  
• The Council identifies and monitors corporate performance indicators, which demonstrate performance against the Council’s planned outcomes and how benefits are being delivered.  
• The Council maintains a prudential financial framework, balancing commitments with available resources and monitoring income and expenditure levels to ensure a sustainable balance is achieved. | • Corporate Plan  
• Annual Statement of Accounts  
• External Auditors reports  
• Equality Impact Assessments  
• Financial and Performance Reports  
• Consultation Strategy  
• Council Website  
• East Northamptonshire Residents Panel  
• Local Media (including a locally-produced Nene Valley News)  
• Reports & public documents  
• Displays, exhibitions & road shows  
• Social Media (Twitter, Facebook)  
• EnCircle (quarterly council newsletter)  
• Efficiency Plan |
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

<table>
<thead>
<tr>
<th>Supporting Principles</th>
<th>East Northamptonshire Council meets the requirements of this Principle as follows:</th>
<th>This will be evidenced by:</th>
</tr>
</thead>
</table>
| Determining interventions. | • The Council’s Corporate Planning process incorporates business cases for proposed projects and savings, ensuring decision makers receive objective and rigorous analysis of a variety of options for achieving outcomes, indicating how intended outcomes would be achieved and associated risks. This ensures best value is achieved, however services are provided.  
• The Council’s Consultation Strategy ensures that decision-makers consider 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. | • Corporate Plan  
• Business Cases  
• Equality Impact Assessments  
• Consultation Strategy  
• East Northamptonshire Residents Panel |
| Planning interventions. | • The Council has an established annual Corporate Planning process which sets a four-year strategic plan for the Council that informs the development of strategic and operational plans, priorities and targets.  
• The Medium Term Financial Strategy/Plan (MTFS) incorporates medium term resource planning, including estimates of revenue and capital expenditure. Budgets are prepared in accordance with the Council’s objectives, strategies and the Corporate Plan. The MTFS is reviewed annually meaning that mechanisms for delivering outcomes are regularly reviewed and can be adapted to changing circumstances.  
• Service Plans establish 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. The Council ensures that capacity exists to generate the information required to review service quality regularly.  
• As part of the Corporate Planning process, the Council engages with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. | • Corporate Planning process  
• Corporate Plan  
• Medium Term Financial Plan / Strategy  
• Efficiency Plan  
• Equality Impact Assessments  
• Consultation Strategy  
• Service Plans |
<table>
<thead>
<tr>
<th>Optimising achievement of intended outcomes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Council ensures that Service Plans integrate and balance service priorities, affordability and other resource constraints, and that the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</td>
</tr>
<tr>
<td>• The Council’s Medium Term Financial Strategy/Plan and Efficiency Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period, in order for outcomes to be achieved while optimising resource usage.</td>
</tr>
<tr>
<td>• Achievement of Service Plan outcomes is monitored and reported to the Council’s Corporate Management Team through Finance and Performance Reports and other reports.</td>
</tr>
<tr>
<td>• The Council maintains a robust system of risk management which identifies risks to the achievement of the Council’s intended outcomes and puts in place mitigating actions to support achievement.</td>
</tr>
<tr>
<td>• The Council maintains systems of business continuity and emergency planning to deal with failures in service delivery or emergencies which may threaten achievement of the Council’s intended outcomes.</td>
</tr>
<tr>
<td>• The Business Transformation Team undertake review of work streams and processes to identify efficiencies which support delivery of the Council’s Efficiency Plan.</td>
</tr>
</tbody>
</table>

| Corporate Plan |
| Medium Term Financial Strategy/Plan |
| Risk Management Strategy |
| Risk Register |
| Finance and Performance Reports |
| Efficiency Plan |
| Corporate Management Team |
| Business Continuity Plans |
| Emergency Planning |
| Efficiency Plan |
### Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

<table>
<thead>
<tr>
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<th>East Northamptonshire Council meets the requirements of this Principle as follows:</th>
<th>This will be evidenced by:</th>
</tr>
</thead>
</table>
| **Developing the entity’s capacity.** | - The Council recognises the benefits of partnerships, collaborative and shared working where added value can be achieved.  
- The Council maintains a robust and open recruitment and selection processes to ensure that the Council is able to attract suitable candidates, ensuring a diverse workforce that will add value to the organisation. The Council continuously reviews its staffing structure to match resource to the corporate priorities of the Council and to develop the capabilities of staff where possible.  
- The Council reviews its operations, performance and use of assets on a regular basis to ensure their continuing effectiveness, and seeks to improve 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. | - Recruitment and Training Policy  
- HR Policies  
- Business Transformation Programme  
- Corporate Plan  
- Medium Term Financial Strategy/Plan  
- Efficiency Plan  
- Finance and Performance Reports  
- Risk Register  
- Asset Management Plan |
### Developing the capability of the entity's leadership and other individuals.

- The Council’s Constitution and Scheme of Delegation set out a clear statement of the respective roles and responsibilities of the Council’s Executive, the Full Council and individual members. The Scheme of Delegation clarifies the type of decisions that are delegated and those reserved for collective decision making of the governing body. Committee Terms of References set out a clear statement of the respective roles and responsibilities of the Council’s Committees and Working Parties. This ensures that a shared understanding of roles and objectives is maintained.
- The Council maintains protocols to ensure effective communication between Council Members and officers in their respective roles.
- The Chief Finance Officer and Monitoring Officer are both members of the Corporate Management Team and thus has direct access to the Chief Executive and other members of the leadership team.
- The Council develops the capabilities of members, senior management, and officers to achieve effective 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:
  - Ensuring Members and staff have access to appropriate induction tailored to their role, and that ongoing 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 fulfill their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis;
  - Holding staff to account through regular performance reviews which take account of training or development needs;
  - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external including input from Governance and Audit and Scrutiny Committees;
  - 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.

### The Council’s Constitution including:
- Scheme of Delegation
- Committee Terms of Reference
- Members Code of Conduct
- Officers Code of Conduct
- Protocol on Members/Officer Relations
- HR Policies
- Corporate Induction
- Members Induction Programme
- Member Development Programme
- Performance Appraisal/PADP Scheme
- Knowledge, Skills and Behaviours Framework
- Role of Internal Audit
- CFO member of CMT
- Health and Wellbeing Strategy
- Consultation Strategy
- Communication Strategy
- Project Closedown Forms
<table>
<thead>
<tr>
<th>Supporting Principles</th>
<th>East Northamptonshire Council meets the requirements of this Principle as follows:</th>
<th>This will be evidenced by:</th>
</tr>
</thead>
</table>
| **Managing risk**     | • The Council recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making. Robust and integrated risk management arrangements are in place and regularly reviewed to ensure that they are working effectively. Risk management is embedded into the culture of East Northamptonshire Council.  
  • The Council ensures that responsibilities for managing individual risks are clearly allocated, and the risk register is reported to and reviewed by the Council’s Service Teams, Corporate Management Team and Governance and Audit Committee on a quarterly basis. | • Risk Management Strategy  
  • Risk Management Procedures  
  • Corporate Risk Management Group  
  • Risk Register  
  • Governance and Audit Committee  
  • Risk Reports to Committees  
  • Performance Clinics |
| **Managing performance** | • Members and senior management are provided with regular reports on performance and progress towards outcome achievement via quarterly Performance Clinics.  
  • The Council makes 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  
  • The Council encourages effective and constructive challenge and debate on policies and objectives, to support balanced and effective decision making.  
  • Performance is reported to Scrutiny Committee who have carried out reviews of areas of concern in relation to performance. | • Finance and Performance Reports  
  • Committee agendas, reports and minutes  
  • Efficiency Plan Savings Monitoring  
  • Business Transformation Team  
  • Customer Feedback  
  • Internal Audit Reports  
  • Scrutiny Committee  
  • Performance Clinics |
| Robust internal control | • The Council ensures effective counter fraud, anti-corruption and anti-money laundering arrangements are in place.  
• Additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by Internal Audit.  
• The Governance and Audit Committee is independent of policy making Committees and accountable to the governing body, and:  
  ➢ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment;  
  ➢ ensures that its recommendations are listened to and acted upon. | • Corporate Counter Fraud Strategy  
• Anti-Money Laundering Policy  
• Internal Audit  
• Internal Audit Annual Report  
• Annual Governance Statement  
• Risk Management Strategy  
• Risk Management Procedures  
• Corporate Risk Register  
• Governance and Audit Committee |
|——|---|---|
| Managing data | • The Council’s information governance policies and procedures ensure that effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.  
• The Council’s Senior Information Risk Owner (SIRO) has lead responsibility to ensure that organizational information risks are properly identified and managed.  
• The Council ensures effective arrangements are in place and operating effectively when sharing data with other bodies.  
• The Council has started preparation for changes in relation to the General Data Protection Regulation  
• The Council is a member of the Northamptonshire Access to Information Group (NAIG) which meets quarterly to discuss issues around Data Protection and Freedom of Information. | • Data Protection Policy and Training  
• Freedom of Information/EIR Regulations Policy and Training  
• Information Security Policy  
• Records Retention Guidance  
• Senior Information Risk Owner  
• Shared Service Strategy  
• Northamptonshire Access to Information Group |
| Strong public financial management | • The Council ensures that its financial management supports both long term achievement of outcomes and short-term financial and operational performance.  
• Ensures well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.  
• The council manages financial risk on projects that have a commercial type approach by undertaking appropriate due diligence and is currently developing a set of investment principles which are expected to be adopted | • Financial Regulations  
• Finance and Performance Reports  
• Corporate Plan  
• Medium Term Financial Strategy/Plan  
• Service Planning Process  
• Budget Holder Guidance |
| during 2017/18 | • The Council ensures that officers with a role in financial management are provided with the support and resources to ensure strong public financial management. | • Efficiency Plan  
• Internal Audit |
## Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

<table>
<thead>
<tr>
<th>Implementing good practice in transparency</th>
<th>East Northamptonshire Council meets the requirements of this Principle as follows:</th>
</tr>
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<tbody>
<tr>
<td>- The Council seeks to write and communicate reports and other information 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.</td>
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<tr>
<td>- The Council complies with the Local Government Transparency Code and publishes information required in a timely manner.</td>
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<td>- The Council provides appropriate information to the public to ensure transparency, 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.</td>
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<tr>
<td>- The Council endeavours at all times to comply with the requirements of both the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Information held by the council is disclosed to requesters, in a timely manner, unless there is a reason (such as the protection of personal data) for withholding such information. Help and assistance is also provided to requesters when needed.</td>
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</tbody>
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<table>
<thead>
<tr>
<th>This will be evidenced by:</th>
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<tbody>
<tr>
<td>- Committee agendas, papers and minutes</td>
</tr>
<tr>
<td>- East Northamptonshire Council website</td>
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<tr>
<td>- Publication Scheme</td>
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<tr>
<td>- Local Media (including a locally-produced Nene Valley News)</td>
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<tr>
<td>- Corporate Leaflets</td>
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<tr>
<td>- Consultation</td>
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<tr>
<td>- Reports &amp; public documents</td>
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<tr>
<td>- Displays, exhibitions &amp; road shows</td>
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<tr>
<td>- Social Media (Twitter, Facebook)</td>
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<tr>
<td>- EnCircle (quarterly council newsletter)</td>
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<tr>
<td>Implementing good practice in reporting</td>
</tr>
<tr>
<td>-----------------------------------------</td>
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</tbody>
</table>
| • The Council’s Annual Governance Statement ensures robust arrangements for assessing the extent to which the principles contained in this Framework have been applied, and the results of this assessment are published. | • Constitution Part 4.1  
• Statement of Accounts  
• Annual Governance Statement  
• Annual External Audit Report and Letter  
• Internal Audit Reports  
• Finance and Performance Reports  
• Shared Service Strategy  
• Governance and Audit Committee  
• Scrutiny Committee  
• Committee agendas, reports and minutes  
• Performance Clinics |
| • The Council ensures that 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. | • Governance and Audit Committee  
• Role of Internal Audit  
• Peer Reviews  
• Results of External Inspections  
• Shared Service Strategy and checklist  
• Risk Management Strategy Procedures  
• Council Meetings |
| • The Council maintains open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based. | • The Council maintains an effective Governance and Audit Committee and ensures that an effective internal audit function, with direct access to Members, is resourced and maintained. The Internal Audit service provides assurance with regard to governance arrangements and verify that recommendations are acted upon.  
• The Council ensures that recommendations for corrective action made by external audit and other external inspections are acted upon.  
• East Northamptonshire Council welcomes peer challenge, reviews and inspections from regulatory bodies, as a result of which action plans are identified to implement recommendations.  
• When working in partnership, the Council ensures that arrangements for accountability are clear and the need for wider public accountability has been recognised and met. |
Monitoring and Reporting

The Council undertakes an annual review of its governance arrangements to ensure continuing compliance with best practice to provide assurance that corporate governance arrangements are adequate and operating effectively in practice. Where reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The Council will prepare an Annual Governance Statement which will be submitted to the Governance and Audit Committee for consideration and will form part of the Council's annual Financial Statement.

The Governance Statement will include:

- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and reference to the authority’s code of governance;
- a reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
- a reference to how issues raised in the previous year's annual governance statement have been resolved; and
- a conclusion including a commitment to monitoring implementation as part of the next annual review.

The Annual Governance Statement will be signed by the Chair of the Governance and Audit Committee and the Chief Executive on behalf of the Council.

In reviewing and approving the Annual Governance Statement, members will be provided with detailed information regarding the effectiveness of the governance arrangements and system of internal control and how these address the key risks faced by the Council. Those Assurances will be available from a wide range of sources, including internal and external audit, a range of external inspectorates and managers from across the Council.

The Council will continually strive to operate an assurance framework, embedded into its business processes, that maps corporate objectives to risks, controls and assurances. This framework and regular reports on its application and effectiveness will provide members with assurances to support the Annual Governance Statement and will help members to identify whether corporate objectives and significant business risks are being properly managed.
Seven principles for the conduct of individuals in public life

The governance framework is supported by the seven Principles of Public Life, which set the standards of conduct and behaviour to which Councillors and employees should aspire in their day-to-day dealings (and are reflected in the Members’ Code of Conduct).

1. **Selflessness**
   Holders of public office should act solely in terms of the public interest.

2. **Integrity**
   Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. **Objectivity**
   Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. **Accountability**
   Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. **Openness**
   Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. **Honesty**
   Holders of public office should be truthful.

7. **Leadership**
   Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.