

MELTON BOROUGH COUNCIL

LOCAL CODE OF CORPORATE GOVERNANCE

April 2017

Introduction

Local authorities are required to prepare and adopt a local code of Corporate Governance that complies with the CIPFA/SOLACE framework. CIPFA/SOLACE reviewed the framework in 2016 and this code of Corporate Governance is in line with the new framework. The framework is considered best practice, *“to be followed as best practice for developing and maintaining a local code of governance and making adopted practices open and explicit”*. 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.

In the principles listed, Principles A and B permeate implementation of principles C to G.

Melton Borough Council supports the principles and agrees 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.

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.

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 the framework. 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. At the end of each financial year, the Council formally reviews the governance arrangements in place and produces an Annual Governance Statement.

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Melton Borough Council’s AGS provides summarised details of the assurances and evidence that is in place in order to demonstrate compliance with the Code. The AGS is the Council’s ‘statement’ over the effectiveness of the framework. Governance Committee receive and review the AGS in advance of receiving the statement of accounts. The AGS is subject to review by Internal Audit and is reflected in the Annual Internal Audit Report and Opinion.

The Annual Governance Statement addresses any actions arising from the previous years Annual Governance Statement and highlights any actions arising from the year being reviewed. There is an Action Plan which is updated through the year.

The Annual Governance Statement also assesses the effectiveness and application of the Local Code of Governance and identifies any necessary changes and makes any relevant recommendations to the Council via the Council’s Governance Committee.

The Annual Governance Statement is signed by the Leader of the Council and by the Chief Executive, and is published with the Council’s annual Statement of Accounts.

Acting in the public interest requires a commitment to and effective arrangements for the following supporting principles:

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

Melton Borough Council is committed to behaving with integrity and demonstrating a strong commitment to ethical values and respecting the rule of law. The Council demonstrates this through various methods.

The Council's Governance Committee reviews changes to the Constitution on an on going basis and considers an annual review. It reviews all audit reports and gives advice accordingly. There are annual probity meetings between the Leader of the Council, Group Leader(s) and the Chief Executive and Monitoring Officer to discuss any issues and give guidance as necessary.

The Council holds events to promote values for example, Pride in Parkside Awards. The Council has a training plan linked to values and specifically the Council's own ethos ME2E (Melton Extending to Excellence), encouraging positive behaviors in staff. Training on ethical values is undertaken by Members and Officers on a regular basis, including an annual Ethics and Probity briefing on relevant key issues to staff as part of the Chief Executive briefings by the Monitoring Officer and Head of Internal Audit.

Melton Borough Council has an up to date Code of Conduct for Members in line with the provisions of the Localism Act 2011 which was updated in 2016 and has an appropriate code of Conduct for Officers which is covered in induction and in annual briefings.

There was an Audit report in 2016 on ethical standards and probity which found substantial assurance, the highest assurance level available.

Melton Borough Council has a Corporate Governance Group which consists of the Council's Statutory Officers (Head of Paid Service, Monitoring Officer and Section 151 Officer) and the Solicitor to the Council. This group meets quarterly and considers any relevant issues. Updates are given by the Statutory Officers with regard their roles. Complaints and Code of Conduct issues are standing items. The group will also focus on relevant issues that have occurred and will oversee the follow up required for example through Internal Audit.

With regard external organisations as part of the Standard Selection Questionnaire that we use with all procurements valued over £50K we ask questions covering the following areas which is relevant to 'ethical standards':

- *Health and safety*
- *Modern Slavery Act*
- *Equality and non discrimination*
- *Environmental management*

Depending on the nature of the procurement, more specific (but relevant) questions may be asked

within the tender itself.

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.

The Council values openness and comprehensive stakeholder engagement. Melton Borough Council has a Consultation Toolkit which is used to ensure effective and appropriate consultation.

The Council has established partnership working and consultation with a number of different partners and organisations including TFEC (tenants forum), BID (consisting of local businesses), Reference Groups from the local community on the Local Plan. There are excellent relations with trade unions on staffing matters. Partnership working is demonstrated through groups like the MCP (Melton community Partnership). Melton Borough Council, following the requirement to build new offices took the opportunity to shape the building of their new Offices to share accommodation with other partner organisations, including for example, Job Centre Plus, Leicestershire Police, Leicestershire County Council, NHS and Citizens Advice Bureau. This encourages closer working and a more joined up service for customers. Examples of consultation undertaken on major projects which have been used to shape project development have included the local plan and public conveniences

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.

The Council has a Corporate Plan which includes Corporate plan indicators that are measured. Melton Borough Council also has a One Council Corporate Delivery and Development plan which coordinates plans, projects and activities and identifies deliverables and resources.

A Performance Management Framework has been developed which is now embedded following its implementation several years ago. A value for money exercise is undertaken every 3 years and is reported to Elected Members and staff.

The Council publicises performance adherence on the Council's website.

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.

Melton Borough Council has formal decision making meetings of Full Council, Committees and Sub Committees. These are supported by appropriate working groups, task groups and officer groups as necessary. Decision making is delegated to Committees and officers as appropriate and documented clearly in the Council's constitution.

Feedback is obtained through the consultation processes and through audit reports, complaints and website feedback. Planning interventions are managed through project management techniques, working in accordance with Project Management principles through Programme Board. The Council also has established Working Groups and in addition also outside bodies including the Melton Community Partnership and a local BID.

The Council has a Corporate Policy Framework with overarching strategies including the Community Strategy, Corporate Plan, People Strategy and Medium Term Financial Strategy. This is supported by the Corporate Development Plan which consolidates previous Service Plans into 1 Corporate document. Further support is provided from Service Improvement Plans and Partner Strategies.

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.

Melton Borough Council will address this requirement by reviews of its staffing structures on a regular basis to ensure effective use of capacity and resources. The Council will maintain up to date HR policies and procedures and invest in the development and training of its staff and Members to maximize outputs and productivity to meet organisational needs. There is a formal staff appraisal process linked to the Council's values. There is a training plan in place. Coaching circles and a local management development scheme are in operation targeted at third tier managers to improve skills and develop staff to meet challenges ahead.

Member development is given high priority and is supported by a Member Development Steering Group consisting of experienced Councillors. There are separate adequate training budgets for staff and Members. There is a Member Induction programme and the offer of training need assessments.

The Council has a full constitution which includes the scheme of delegations to Officers and terms of reference for each Committee and member groups including task groups and working groups .

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.

To manage risk the Council will maintain a robust risk management framework that is an integral part of its operational service delivery and its decision making process. In order to achieve this an up to date and regularly reviewed Risk Management Policy and Strategy will be maintained. This requires that both service and corporate risk registers are maintained with appropriate action plans to mitigate and manage identified risks. Risk management is also required to be an integral part of the decision making process through being considered as part of all committee reports and as part of the Council's Project Management Appraisal Process. Regular training is required to be delivered to officers and members on risk management as appropriate. Risk Management responsibility falls within the remit of the Council's Governance Committee indicating its importance within the context of good governance.

The Council has a performance management framework based on balanced score cards which is overseen by a Performance and Information Task Group which comprises of Members and senior officer support.

To ensure robust internal control, the Council will ensure an adequately resourced and effective internal audit service is in place to support management and members in ensuring a robust system of internal control is maintained. The Council's Governance Committee acts as the Audit Committee who will receive regular reports and assurance on the overall system for internal control and risk management arrangements. The Governance Committee will have access to the Internal Auditor, External Auditor, the S151 and the Monitoring Officer.

The Council will ensure there are effective policies in place to provide support and guidance in support of the internal control framework for areas such as anti fraud and corruption, anti-bribery, money laundering and whistle blowing.

Melton Borough Council has a data quality policy which is linked to the performance framework and information Sharing documents that were created with County Council and includes the incident reporting process and training modules for staff.

To ensure Strong Public Financial Management, The Council will ensure that there is strong financial management in order for the Council to deliver against its corporate objectives. There will be regular report to Members on the Council's financial position. The Council will look to set a balanced budget with a regularly reviewed and reported Medium Term Financial Plan. The adequacy of reserves and balances will be regularly reviewed. The financial implications of proposals will be considered and reported to members as part of their decision making processes. Financial training will be delivered to officers and members as appropriate to their role. Financial

Procedure Rules will be maintained in order to provide guidance on financial issues. An Annual Chief Executive's Budget Manager's Briefing is held to put the Council's budget and budget management into the Local and National context. This is also supplemented by a annual briefing by the finance team to all budget holders to support them through the forthcoming budget setting process.

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.

With regard Implementing Good Practice in Transparency there is an effective Internal Audit service with direct access to Members through the Chair of Governance and Governance Committee. Members and Senior officers have input into the development of the annual Audit Plan taking into account the risks facing the Council. A Data Management Audit was completed in 2013/14 and a Financial Transparency Audit 2015/16. Internal Audit assessed the Council as providing a High level of transparency relating to its budget setting and monitoring and stated that the Council demonstrates Full compliance with all mandatory elements of the Transparency Code. The Council has a report writers' guide and a sign off process for reports.

The Governance Committee acting as the Council's Audit Committee will receive regular reports from the Internal and External Auditor and will consider progress made against audit recommendations. The Committee will receive and consider the Annual Governance Statement and any external/peer reviews as appropriate.

A regularly reviewed suite of documents are in place supporting the governance framework and contained in the Council's Constitution including the Councils Counter Fraud Strategy, Whistle Blowing Policy and Anti Money Laundering Policy.