



# **Code of Corporate Governance**

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## **Introduction**

In 2001, CIPFA/SOLACE produced a framework for good governance which was based around the Cadbury and Nolan Reports. Dudley subsequently issued its own Code of Corporate Governance based around the CIPFA/SOLACE model.

CIPFA/SOLACE issued a revised framework in July 2007 and in their guidance note they suggest that since the first framework was published, local government has been subject to continued reform intended to improve local accountability and engagement. They further suggest that over the next few years local government will need a strong governance framework to be able to cope with a range of pressures including the need to deliver extensive change and meet rising expectations on quality and responsiveness of services.

The guidance also states that :-

“Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.”

“Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.”

“It comprises the systems and processes, and culture and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.”

The revised governance framework is based around six core principles of good governance drawn up by the Independent Commission on Good Governance in Public Services which was established by CIPFA and the Office for Public Management in partnership with the Joseph Rowntree Foundation.

The six core principles are as follows :-

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

For each of the six core principles, CIPFA/SOLACE have issued “supporting principles” together with examples of how any local code of governance should reflect each core principle. Detailed below is a suggested revised draft for our Code of Corporate Governance.

CIPFA/SOLACE guidance also includes a successor the Statement of Internal Control [SIC], the Annual Governance Statement [AGS]. The conceptual format of the AGS is not that different from the SIC in that you are required to cover the :-

- a. Scope of responsibility
- b. Purpose of the governance framework
- c. Governance framework
- d. Review of effectiveness
- e. Significant governance issues

CIPFA envisage that work on the governance statement will be co-ordinated by a designated working group of the authority, which would report its findings to the designated committee of the authority. In Dudley we have established a Corporate Control Group which will assist in co-ordinating evidence gathering and production of the AGS before it is submitted to the Audit Committee for approval. Like the SIC the AGS will then be signed by the Chief Executive and Leader of the Council. A separate report has been prepared on the way forward with the AGS.

**CORE PRINCIPLE 1 : Focusing on the purpose of the Authority and on outcomes for the Community and creating and implementing a vision for the local area**

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users</p>	<p>Develop and promote the authority's purpose and vision</p> <p>Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements</p> <p>Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties</p> <p>Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance</p>	<p>Engage with all parts of the community and developing a Community Engagement Strategy and Council Plan, which are published to all residents of the Borough via the Internet.</p> <p>Carry out an annual review of the Council Plan to ensure it remains focused on current and long term issues. Review the Constitution annually to ensure governance arrangements are fit for purpose.</p> <p>Ensure that the Council Plan includes reference to how significant partnerships contribute to the vision. Publish a Partnership Strategy, which includes guidance on partnership working to all Members and Officers. Training on partnerships is also provided to Member and Officers.</p> <p>Publish an annual Statement of Accounts on the Internet Publish the Council Plan on the Internet Publish quarterly and annual performance reports [which are subject to review by Members] on the Internet and also including summary details in "Dudley Together"</p>

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Ensuring that users receive a high quality service whether directly, or in a partnership, or by commissioning</p>	<p>Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available</p> <p>Put in place effective arrangements to identify and deal with failure in service delivery</p>	<p>Use of a Corporate Performance Management system which is monitored by Corporate Board and Cabinet each quarter. Each Directorate will also set, and monitor, quality of service measures for each service as part of the Corporate Strategic Planning framework.</p> <p>Engage with the Dudley Community Partnership Performance Management Group and publish the Dudley Performance Pact.</p> <p>Actively challenging unacceptable performance within the quarterly Corporate Performance Management system.</p> <p>Facilitate a Corporate Complaints system for the public to identify failures in service.</p> <p>Establish within partnerships a “ladder of intervention” to ensure performance failure is highlighted and acted upon.</p>

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money</p>	<p>Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively.</p> <p>Measure the environmental impact of policies, plans and decisions</p>	<p>Corporate Board and Cabinet determining budget requirements in line with Government efficiency targets.</p> <p>Benchmark services against CIPFA VFM indices</p> <p>Undertake annual efficiency reviews.</p> <p>Use of a Corporate Performance Management system to facilitate performance data.</p> <p>Establish a Corporate Data Quality Group, Data Quality Strategy and Toolkit</p> <p>Provide regular financial information provided through the budget system.</p> <p>Ensure that the Corporate Reporting template requires consideration of environmental and sustainability factors.</p> <p>Establish a Corporate Sustainability Group</p>

**CORE PRINCIPAL 2 : Members and Officers working together to achieve a common purpose with clearly defined functions and roles**

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Ensuring effective leadership throughout the authority and being clear about executive and non executive functions and of the roles and responsibilities of the scrutiny function</p>	<p>Set out a clear statement of the respective roles and responsibilities of the executive and of the executive’s members individually and the authority’s approach towards putting this into practice.</p> <p>Set out a clear statement of the respective roles and responsibilities of Members and Senior Officers</p>	<p>Ensure the Constitution covers the roles and responsibilities of Cabinet, Select Committees and all other relevant Member duties.</p> <p>The Monitoring Officer ensuring that the Constitution is followed in all key decision making processes.</p> <p>Ensure the Constitution covers the roles and responsibilities of Members and, Senior Officers who will be designated Directors</p>

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard</p>	<p>Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required</p> <p>Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management</p> <p>Develop protocols to ensure that the Leader and Chief Executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained</p>	<p>Ensure the Constitution and Scheme of Delegation are reviewed at least annually.</p> <p>Specify in the Constitution the role of the Chief Executive [Head of Paid Service] and his/her designation as a Director.</p> <p>Publish Member/Officer relationship protocols</p>



Supporting Principles	Dudley Council commitment	Action taken by the Council
	<p>Make a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control</p> <p>Make a senior officer (usually the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with</p>	<p>Specify in the Constitution the role of the Chief Finance Officer, and ensure the areas highlighted are covered. Ensure that the Chief Finance Officer is designated as a Director of the organisation.</p> <p>Specify in the Constitution the role of the Monitoring Officer, and ensure the areas highlighted are included. Ensure that the Monitoring Officer is designated as a Director of the organisation.</p>

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of the other</p>	<p>Develop protocols to ensure effective communication between members and officers in their respective roles</p> <p>Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel (if applicable)</p> <p>Ensure that effective mechanisms exist to monitor service delivery</p> <p>Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated</p>	<p>Publish a protocol governing Member/Officer relations</p> <p>Publish a Partnership Strategy, which includes guidance on partnership working to all Members and Officers</p> <p>Publish within the Constitution details of the Members Allowance Scheme.</p> <p>Use national terms, conditions and pay rates for Officers</p> <p>Utilise an independent panel for determining Members Allowances</p> <p>Use of the Corporate Performance Management systems</p> <p>Engage in the Dudley Community Partnership Performance Management Group.</p> <p>Publish the Dudley Performance Pact</p> <p>Wide spread consultation via the Borough Challenge and other consultation exercises.</p> <p>Publish the Council Plan.</p> <p>Publish the Dudley Community Engagement Strategy</p>

Supporting Principles	Dudley Council commitment	Action taken by the Council
	<p>When working in partnership ensure that member are clear about their roles an responsibilities both individually and collectively in relation to the partnership and to the authority</p> <p>When working in partnership :-</p> <ul style="list-style-type: none"> <li>a. Ensure that there is clarity about the legal status of the partnership</li> <li>b. Ensure that representative or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions</li> </ul>	<p>Publish a Partnership Strategy, which includes guidance on working in partnerships and on appointments to outside bodies.</p>

**CORE PRINCIPLE 3 : Promoting values for the authority and demonstrating the values of food governance through upholding high standards of conduct and behaviour**

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance</p>	<p>Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect</p> <p>Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols</p> <p>Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice</p>	<p>Require adherence to Members and Officer Codes of Conduct. Publish guidance on Member/Officer relations.</p> <p>Require adherence to Members and Officer Codes of Conduct. Publish guidance on Member/Officer relations. Publish a Partnership Strategy which includes guidance on working in partnerships and on appointments to outside bodies.</p> <p>Publish Standing Orders and Financial Regulations. Have internal audit cover to monitor the application of Standing Orders and Financial Regulations. Publish Member and Officer Codes of Conduct.</p> <p>Dudley Community Partnership publishing a Code of Conduct related to Governance.</p>

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Ensuring that organisational values are put into practice and are effective</p>	<p>Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners</p> <p>Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice</p> <p>Develop and maintain an effective standards committee</p> <p>Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority</p>	<p>Publish Member and Officer Codes of Conduct. Publish an Anti Fraud &amp; Corruption Strategy. Include Council Values in these areas in the Council Plan.</p> <p>Require the Standards Committee to monitor the content, and application, of the Member and Officer Codes of Conduct</p> <p>Include in the Constitution the Terms of Reference of the Standards Committee</p> <p>Publish the Constitution and various Codes of Practice.</p>

<b>Supporting Principles</b>	<b>Dudley Council commitment</b>	<b>Action taken by the Council</b>
	In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.	Publish a Partnership Strategy which includes guidance on working in partnerships and requiring the use of a Partnership Evaluation Tool to ensure partnerships are operating effectively and in line with Council requirements.

**CORE PRINCIPLE 4 : Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

<b>Supporting Principles</b>	<b>Dudley Council commitment</b>	<b>Action taken by the Council</b>
<p>Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny</p>	<p>Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible</p> <p>Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based</p> <p>Put in place arrangements to safeguard members and employees against conflict of interest and put in place appropriate processes to ensure that they continue to operate in practice</p>	<p>Operate Select Committees whose Rules are clearly set out in the Constitution.</p> <p>Operate Area Committees which allow more local input from the public</p> <p>Set out decision making protocols in the Constitution.</p> <p>Publish Members and Officers Codes of Conduct. Require the Standards Committee to monitor the content, and application, of the Member and Officer Codes of Conduct</p>

Supporting Principles	Dudley Council commitment	Action taken by the Council
	<p>Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the function of such a committee</p> <p>Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints</p>	<p>Operate an Audit Committee whose Terms of Reference are set out within the Constitution. Evaluate the operation and effectiveness of the Audit Committee against best practice determined by CIPFA.</p> <p>Operate a Corporate Complaints system</p>
<p>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p>	<p>Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications</p>	<p>Provide good quality data on operational and financial matters.</p> <p>Publish a Partnership Strategy which includes guidance on working in partnership.</p> <p>Establish a Corporate Data Quality Group and publishing a Data Quality Strategy and Toolkit.</p> <p>Engage with the Dudley Community Partnership Performance Management Group.</p>



Supporting Principles	Dudley Council commitment	Action taken by the Council
	<p>Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately</p>	<p>Ensure the Constitution includes relevant guidance on the roles and responsibilities of the Chief Financial Officer and the Monitoring Officer.</p>
<p>Ensuring that an effective risk management system is in place</p>	<p>Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs</p> <p>Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access</p>	<p>Publish a Risk Management Strategy endorsed by Members. Provide training to Members and Officers on risk management.</p> <p>Publish a Confidential Reporting Policy and monitoring its use via the Standards Committee Publicise the Confidential Reporting Policy to prospective contractors</p>

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Using the legal powers to the full benefit of the citizens and communities in their area</p>	<p>Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities</p> <p>Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law</p> <p>Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law :-</p> <ul style="list-style-type: none"> <li>a. Rationality, legality and natural justice</li> <li>b. Into their procedures and decision making processes.</li> </ul>	<p>Ensure the Constitution covers the question of legality and the role and responsibilities of the Monitoring Officer.</p> <p>Ensure the Constitution covers the question of legality and the role and responsibilities of the Monitoring Officer.</p> <p>Ensure the Constitution covers the role and responsibilities of the Monitoring Officer. Publish a Corporate Reporting Template, which includes a mandatory requirement for legal issues to be considered in each report.</p>

**CORE PRINCIPLE 5 : Developing the capacity and capability of members and officers to be effective**

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles</p>	<p>Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis</p> <p>Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority</p>	<p>Ensure that all new Members and Officers undergo induction training and that they are offered training on a range of matters.</p> <p>Ensure that the Constitution clearly sets out the requirement of the Council to provide sufficient resources for key Officers to carry out their duties.</p>
<p>Developing the capability of people with governance responsibilities and evaluating their performance as individuals and as a group</p>	<p>Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively</p>	<p>Ensure that political groups consider undertaking reviews of Members skills.</p> <p>Ensure that the Council operates a PRD Policy for all Officers</p> <p>Ensure that training is available for all Members and Officers to develop their skills.</p>

**Code of Corporate Governance (revised June 2008)**

<b>Supporting Principles</b>	<b>Dudley Council commitment</b>	<b>Action taken by the Council</b>
	<p>Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed</p> <p>Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs</p>	<p>Provide Member and Officer Development Plans and associated training courses.</p> <p>Ensure that Cabinet Members and the Cabinet as a whole are subject to review</p>
<p>Encouraging new talent for membership of the authority so that best use can be made of individual's skills and resources in balancing continuity and renewal</p>	<p>Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority</p>	<p>Commit to engage with all sections and partners in the community.</p> <p>Publish a Community Engagement Strategy</p> <p>Work with Dudley Community Partnership to facilitate partnership working within the community.</p> <p>Dudley Community Partnership developing a "Learning To Deliver" programme to improve governance and use of skills of all members.</p>

<b>Supporting Principles</b>	<b>Dudley Council commitment</b>	<b>Action taken by the Council</b>
	Ensure that career structures are in place for members and officer to encourage participation and development	Ensure the Cabinet and Corporate Board review succession planning.

**CORE PRINCIPLE 6 : Engaging with local people and other stakeholders to ensure robust public accountability**

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships</p>	<p>Make clear to themselves, all staff and the community to whom they are accountable and for what</p> <p>Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationship and any changes required</p> <p>Produce an annual report on the activity of the scrutiny function</p>	<p>Publish a Council Plan and Community Engagement Strategy which sets out the plans of the Council and recognises accountability to the residents of Dudley. Develop a protocol to deal with Community Governance in line with the Local Government and Public Health Act 2007. Publish a Partnership Strategy</p> <p>Engage in consultation and partnership working with all key stakeholders. Utilise the Partnership Evaluation Tool and Board Meetings to evaluate the effectiveness of working arrangements.</p> <p>Require the Standards and Select Committees to report annually to the full Council with details of their activities and annual work programme.</p>

Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning</p>	<p>Ensure that clear channels of communication are in place with all sections of the community and their stakeholders, and put in place monitoring arrangements to ensure that they operate effectively</p> <p>Hold meetings in public unless there are good reasons for confidentiality</p> <p>Ensure that arrangements are in place to enable the authority to engage with all section of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands</p>	<p>Publish a Council Plan and communicate via the Internet</p> <p>Operate a comprehensive web site which allows access to all relevant information.</p> <p>Publish a Community Engagement Strategy</p> <p>Develop Compacts with the “Third Sector” and for partnerships</p> <p>Engage in a Citizens Panel</p> <p>Ensure all Partnerships and Committees allow public access and establishing Area Committees to improve public access to decision makers.</p> <p>Facilitate extensive consultation with all sections of the community via the Community Engagement Strategy.</p> <p>Use the results of consultation to inform the prioritisation of plans and use of resources.</p>

Supporting Principles	Dudley Council commitment	Action taken by the Council
	<p>Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result</p> <p>On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statement as well as information about its outcome, achievements and the satisfaction of service users in the previous period</p>	<p>Publish details of the consultation process and consultation exercises on the Internet. Publish the results of consultation exercises.</p> <p>Publish the Council Plan Publish an annual Statement of Accounts Make available quarterly Performance Management Reports on the Internet Publish an annual performance report on the Internet and summary details via "Dudley Together"</p>



Supporting Principles	Dudley Council commitment	Action taken by the Council
<p>Making best use of human resources by taking an active and planned approach to meet responsibility to staff</p>	<p>Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so</p> <p>Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.</p>	<p>Publish a Council Plan which sets out the Council Vision which highlights that Dudley Council will listen, respond, be accountable, provide value for money, set high standards for services and build strong collaborative partnerships.</p> <p>Publish a Partnership Strategy</p> <p>Publish a Community Engagement Strategy</p> <p>Publish a Constitution which demonstrates the Council's commitment to an open and accessible style of operation by Members and Officers in all dealings.</p> <p>Make a commitment to regularly survey staff and ask them to contribute to strategic planning.</p> <p>Liaise with their representatives on appropriate matters.</p>