

CAERPHILLY COUNTY BOROUGH COUNCIL

Code Of Corporate Governance

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1. INTRODUCTION

- 1.1 The term Corporate Governance refers to the 'systems by which the Council directs and controls its functions and relates to the community it serves'. It is therefore the framework of the policies, systems, procedures and structures that together determine and control the way in which the Council manages its business, determines its strategies and objectives and sets about delivering its services to meet those objectives.
- 1.2 The basic principles of good governance as set out in this Code require the Council to carry out its functions in a way that is completely open and inclusive of all sectors of the community; demonstrates the utmost integrity in all its dealings and is fully accountable to the public it serves. Caerphilly County Borough Council fully supports these principles and this Code confirms the Council's commitment to these principles.
- 1.3 In 2007 CIPFA and SOLACE issued a framework document and supporting guidance entitled "Delivering Good Governance in Local Government" under which the Council is urged to:
- develop and maintain a local code of governance consistent with the core principles set out in the framework, including arrangements for ensuring its ongoing application and effectiveness;
 - review its existing governance arrangements against this framework;
 - prepare a governance statement in order to report publicly on the extent to which the Council complies with its own code on an annual basis including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.
- 1.5 This local Code of Corporate Governance has been produced to show how Caerphilly County Borough Council will implement the core principles and detailed provisions of the new CIPFA SOLACE Framework and therefore ensure full compliance with it.

2. FUNDAMENTAL PRINCIPLES

- 2.1 The following six fundamental principles are taken from the Good Governance Standard developed by the Independent Commission on Good Governance in Public Services with support from OPM and CIPFA and have been adapted for local government purposes. Good governance means:

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

Members and officers working together to achieve a common purpose with clearly defined functions and roles

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Developing the capacity and capability of members and officers to be effective

Engaging with local people and other stakeholders to ensure robust local public accountability

- 2.2 In order to support the six fundamental principles this code sets out the requirements identified as being key to delivering good governance along with a series of measures that Caerphilly County Borough Council sees as key measures to support and facilitate their delivery:

Fundamental 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 REQUIREMENTS	DELIVERABLE MEASURES
To develop and promote the authority's purpose and vision	Corporate service planning Community Strategy Improvement Plan Communication strategy
To review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements	Code of Corporate Governance Community strategy review
To ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners	Partnership protocol - COMPACT Code of Corporate Governance
To publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance	Annual financial statements Improvement Plan review
To 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	Improvement plan Medium term financial strategy Resourcing plan
To put in place effective arrangements to identify and deal with failure in service delivery	Complaints procedure Performance management framework
To 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. Measure the environmental impact of policies, plans and decisions	Service improvement plans Financial statements Effective scrutiny

Fundamental principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles

SUPPORTING REQUIREMENTS	DELIVERABLE MEASURES
To 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 To set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers	Constitution Record of decisions and supporting materials
To determine a scheme of delegated and reserved 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	Constitution
To make the chief executive or equivalent responsible and accountable to the authority for all aspects of operational management	Conditions of employment Scheme of delegation Statutory provisions Job descriptions / specifications Performance management framework

To develop protocols to ensure that the leader and chief executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	
To make a senior officer (usually 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	Section 151 responsibilities Statutory provision Statutory reports Budget documentation Job description / specification
To make a senior officer (usually the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.	Monitoring officer provisions Statutory provision Job description / specification
To develop protocols to ensure effective communication between councillors and officers in their respective roles	Members/ officers relations/ protocol Protocol on elected members rights of access to information
To 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)	Pay and conditions policies and practices
To ensure that effective mechanisms exist to monitor service delivery	Performance reporting Budgetary monitoring Complaints procedure Customer feedback
To 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	
When working in partnership, to ensure that; <ul style="list-style-type: none"> members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority ensure that there is clarity about the legal status of the partnership ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions 	Partnership protocols to include <ul style="list-style-type: none"> A clear statement of the partnership principles and objectives Clarity of each partners role in the partnership Definition of roles of partnership board members Line management responsibilities for staff who support the partnership A statement of funding sources for joint projects and clear accountability for proper financial administration A protocol for dispute resolution within the partnership

Fundamental principle 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

SUPPORTING REQUIREMENTS	DELIVERABLE MEASURES
To ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support & respect	Communication strategy Management development group
To 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.	Members/ officers code of conduct Performance appraisal Complaints procedure Anti fraud and corruption policy Member/ officer relations protocol
To 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	Standing orders Codes of conduct Financial regulations

To develop and maintain shared values including leadership values for both the Council and its staff reflecting public expectations, and communicate these with members, staff, the community & partners	Codes of conduct Improvement plan Community strategy
To 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	Codes of conduct Internal audit arrangements
To develop and maintain an effective standards committee	Terms of reference
To 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	Decision making practices
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.	Protocols for partnership working - COMPACT

Fundamental principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

SUPPORTING REQUIREMENTS	DELIVERABLE MEASURES
To 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	Scrutiny is supported by robust evidence and data analysis Member support and training
To develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	Decision making protocols, record of decisions and supporting materials
To put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Members and officers code of conduct Regular review processes
To 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 functions of such a committee	Terms of reference Membership selection Training for committee members
To ensure that effective, transparent and accessible arrangements are in place for dealing with complaints	Complaints procedure
To 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	Members induction scheme Training for committee chairs Consultation process/ cmt review
To ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	Record of decision making and supporting materials Consultation process
To 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 job	Service improvement planning processes Financial standards and regulations
To Ensure that effective arrangements for whistle blowing are in place to which officers, staff and all those contracting with or appointed by the authority have access	Whistleblowing policy
To actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise their powers to the full benefit of their communities	Constitution Monitoring officer provisions Statutory provision
To recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on authorities by public law	Constitution Monitoring officer provisions Statutory provision

To observe all specific legislative requirements placed upon the Council, as well as the requirements of general law, and in particular to integrate the key principles of administrative law – rationality, legality and natural justice into their procedures and decision making	Monitoring officer provisions Statutory provision Job description / specification
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Fundamental principle 5 - Developing the capacity and capability of members and officers to be effective

SUPPORTING REQUIREMENTS	DELIVERABLE MEASURES
To provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	Training and development plan Induction programme Update courses/ information (policy watch) Resource centre
To 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	Job description/ personal specifications Membership of CMT Professional qualifications
To assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively	Training and development plan
To develop members skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed	Training and development plan reflects requirements of a modern councillor including, Chairing skills, The ability to scrutinise and challenge The ability to recognise when outside advice is required Advice on how to act as an ambassador for the community Leadership and influencing skills
To 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	Performance management framework Training and development plan Improvement plan
To ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority	Community planning framework Stakeholders forums COMPACT arrangements Area forums roles and responsibilities Residents panels Viewpoint panels
To ensure that career structures are in place for members and officers to encourage participation and development	Succession planning Training and development plan Resource plan

Fundamental principle 6 - Engaging with local people and other stakeholders to ensure robust local public accountability

SUPPORTING REQUIREMENTS	DELIVERABLE MEASURES
To make clear to the authority, all staff and the community, to whom we are accountable and for what	Community strategy
To consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required	View point panel
To produce an annual report on scrutiny function activity	Annual report

<p>To ensure clear channels of communication are in place with all sections of the community and other stakeholders and put in place monitoring arrangements to ensure that they operate effectively</p> <p>To hold meetings in public unless there are good reasons for confidentiality</p> <p>To ensure that arrangements are in place to enable the authority to engage with all sections 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>Community strategy</p> <p>Processes for dealing with competing demands within the community</p> <p>Exempt items process</p>
<p>To establish a clear policy on the types of issues to 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>Partnership framework</p> <p>Communication strategy</p>
<p>To publish a annual performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period</p>	<p>Annual performance plan report</p> <p>Annual financial statements</p> <p>Improvement plan</p>
<p>To 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>Constitution</p> <p>Community strategy</p> <p>COMPACT</p>
<p>To develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making</p>	<p>Constitution</p> <p>Trade union protocol</p>

3. REVIEW OF ARRANGEMENTS

3.1 The CIPFA SOLACE Framework requires the Council to:

- consider the extent to which it complies with the principles and requirements of good governance set out in the Framework
- identify systems, processes and documentation that provide evidence of compliance
- identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified
- identify the issues that have not been addressed adequately in the authority and consider how they should be addressed
- identify the individuals who would be responsible for undertaking the actions required and plan accordingly.

3.2 Commencing during the 2009/10 financial year, a working group within the Corporate Services Directorate has been set up to undertake a detailed self-assessment of compliance with the above core principles and supporting principles. This includes the listing of documentary evidence to support the results.

3.3 The key officers involved in the process of self assessment are:

The Director of Corporate Services

The Head of Legal Services - The Monitoring Officer

The Head of Policy & Performance

The Head of Corporate Finance - Section 151 Officer

- 3.4 The Director of Corporate Services has corporate responsibility for governance including oversight of compliance with the CIPFA SOLACE Framework and the process leading to the publication of the Annual Governance Statement.
- 3.5 Any significant non-compliance issues identified in the self-assessment process will be disclosed within the Annual Governance Statement and fed into the business planning process. This means that they are subjected to systematic monitoring which in turn ensures their resolution.

4. ANNUAL GOVERNANCE STATEMENT

- 4.1 Regulation 4(2) of the Accounts and Audit (Wales) Regulations 2005 requires a local authority to “conduct a review at least once in a year of the effectiveness of its system of internal control and include (in the financial statements) a Statement on Internal Control, prepared in accordance with proper practices....”.
- 4.2 The new CIPFA SOLACE Framework defines proper practice for the form and content of an Annual Governance Statement (AGS), which meets the requirements of regulation 4(2) of the Accounts and Audit (Wales) Regulations 2005 in relation to the publication of a Statement on Internal Control.
- 4.3 The Council therefore publishes an AGS based on the CIPFA SOLACE model governance statement. The AGS covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure:
- the authority’s policies are put into place
 - the authority’s values are met
 - laws and regulations are complied with
 - required processes are adhered to
 - financial statements and other published information are accurate and reliable
 - human, financial and other resources are managed efficiently and effectively
 - high quality services are delivered efficiently and effectively.
- 4.5 It therefore covers performance issues – good governance promotes good service but poor service performance reflects a failure of governance. Consequently, approval and ownership of the AGS should be at a corporate level and should be confirmed by the most senior officer (chief executive or equivalent) and the most senior member (leader or equivalent) signing the statement on behalf of the authority.
- 4.6 The Leader and Chief Executive therefore sign the AGS on behalf of Caerphilly County Borough Council once the review and approval process has been completed. The AGS will be approved by the Audit Committee and published with the annual financial statements so that the publication timetable for the financial statements drives the AGS approval timetable.

5. DIRECTORATE ASSURANCE STATEMENTS

- 5.1 As Section 4 above indicates, before signing the AGS the Leader and Chief Executive will seek assurances that the review and approval process has been followed. This ensures that the views of the statutory officers have been taken into account, and they have in turn sought the views of auditors (internal & external) and other inspectorates as to the adequacy and effectiveness of the Council's system of governance.

- 5.2 However in reviewing and approving the AGS members will also require assurances on the effectiveness of the governance framework from managers across the Council, as it is they who are charged with embedding corporate governance systems within their directorates.
- 5.3 The Council has therefore adopted a system of Directorate Assurance Statements (Appendix 1) which are compiled on an annual basis to coincide with the production of the AGS. These require Directors to review the operation of a wide range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues.
- 5.4 The completed Directorate Assurance Statements are analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues. Any significant non-compliance issues emerging will be included in the Annual Governance Statement itself.

DIRECTORATE ASSURANCE STATEMENT

Caerphilly County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this responsibility, members and senior officers are responsible for establishing a sound system of governance.

As Director, I have responsibility to enforce the system of governance within my Directorate to ensure that it supports the achievement of the Directorate's and therefore the Council's objectives.

When discharging my responsibility for reviewing the effectiveness of the system of governance operating within the Directorate, I have taken into account the following:

- The adequacy and effectiveness of management review processes;
- Outcomes from risk assessments ;
- Relevant self-assessments of key service areas within the Directorate;
- Relevant internal audit reports and the implementation of recommendations made by Internal Audit Services; and
- Outcomes from reviews by other bodies including external and statutory inspectorates and the Council's external auditors.

I am satisfied that, except for the specific matters arising in the attached schedule, a sound system of governance has been in place throughout the year ended 31 March 200X and is ongoing.

I also propose to take steps to address the matters arising to enhance the Directorate's system of governance and I will be monitoring their implementation and operation on an ongoing basis.

Director Signature:

Name:

Date: