

Thanet District Council

Local Code of Corporate Governance

Version 11
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Contents

- 1. Introduction.....3
- 2. What is Corporate Governance... ..3
- 3. The Principles.....3
 - A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the law.....4
 - B. Ensuring openness and comprehensive stakeholder engagement.....5
 - C. Defining outcomes in terms of sustainable economic, social and environmental benefits.....6
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes.....7
 - E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.....8
 - F. Managing risks and performance through robust internal control and strong public financial management.....9
 - G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.....11
- 4. Annual review and reporting.....12
- Document History.....13

Thanet District Council would like to acknowledge CIPFA / SOLACE in providing the ‘Delivering Good Governance in Local Government’ framework and guidance documents

1. Introduction

(1) The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) have published a framework document for Corporate Governance in Local Government published April 2016.

(2) Thanet District Council is committed to the principles of good corporate governance and wishes to confirm its ongoing commitment and intentions through the development, adoption and continued maintenance of a Local Code of Corporate Governance, as recommended by the CIPFA/SOLACE Framework.

(3) This document, Thanet District Council's "Local Code of Corporate Governance", therefore sets out and describes the Council's commitment to corporate governance, and identifies the arrangements that have been made, will continue to be made or need to be made, to ensure its effective implementation and application in all aspects of the Council's work.

2. What is Corporate Governance?

(1) For the purpose of this Local Code, Thanet District Council has accepted the definition of Governance as stated within the CIPFA/SOLACE Framework, as follows:

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

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entities 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".

(2) Thanet District Council recognises that effective local government relies upon establishing and maintaining the confidence of the public in both the elected members and officers of the Council.

(3) Thanet District Council recognises that the setting of high standards of self-governance provides a clear and demonstrable lead to both our existing and potential partners, and therefore provides the basis of effective community governance.

3. The Principles

(1) Thanet District Council positively recognises and accepts the following seven core principles of good governance, as identified within the CIPFA/SOLACE Framework:

- 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 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.

(2) The seven core principles each have a number of supporting principles, which in turn have a range of specific requirements that apply across the Council’s business.

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

(1) 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.

(2) The sub principles supporting this core principle are:

<p>Behaving with integrity</p>	<ul style="list-style-type: none"> • 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 • 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) • Leading by example and using the above standard operating principles or values as a framework for decision making and other actions • 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
<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> • Seeking to establish, monitor and maintain the organisation’s ethical standards and performance • Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values • Ensuring that external providers of services on behalf of

<p>Engaging with individual citizens and service users effectively</p>	<p>outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> - Trust - a shared commitment to change - a culture that promotes and accepts challenge among partners <p>and that the added value of partnership working is explicit</p> <ul style="list-style-type: none"> • 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
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C. Defining outcomes in terms of sustainable economic, social and environmental benefits

(1) 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.

(2) The sub principles supporting this core principle are:

<p>Defining outcomes</p>	<ul style="list-style-type: none"> • 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,
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<p>Sustainable economic, social and environmental benefits</p>	<p>stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p> <ul style="list-style-type: none"> • 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 • 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
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D. Determining the interventions necessary to optimise the achievement of the intended outcomes

(1) 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.

(2) The sub principles supporting this core principle are:

<p>Determining interventions</p>	<ul style="list-style-type: none"> • 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
<p>Planning interventions</p>	<ul style="list-style-type: none"> • Establishing and implementing robust planning and control cycles that cover strategic and operational plans,

<p>Optimising achievement of intended outcomes</p>	<p>priorities and targets</p> <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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
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E. Developing the council's capacity including the capability of its leadership and the individuals within it.

(1) Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, 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.

(2) The sub principles supporting this core principle are:

<p>Developing the entity's capacity</p>	<ul style="list-style-type: none"> • 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
<p>Developing the capability of the entity's leadership and other individuals</p>	<ul style="list-style-type: none"> • 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 • 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: <ul style="list-style-type: none"> - 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 fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external

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

(1) 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.

(2) The sub principles supporting this core principle are:

<p>Managing risk</p>	<ul style="list-style-type: none"> • 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
<p>Managing performance</p>	<ul style="list-style-type: none"> • 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 • 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)
<p>Robust internal control</p>	<ul style="list-style-type: none"> • 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

<p>Assurance and effective accountability</p>	<p>annual governance statement)</p> <ul style="list-style-type: none"> • 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 • 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
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4. Annual Review and reporting

- (1) The Council accepts that in order to comply with the principles of good governance it must undertake to ensure that systems and processes are continually monitored and reviewed, and are kept up to date.
- (2) An annual review of the Council’s Corporate Governance arrangements will be carried out using the guidance contained in the CIPFA/SOLACE Framework. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively or to identify action which is planned to ensure effective governance in the future. The results of the review will take the form of an Annual Governance Statement prepared on behalf of the Leader of the Council and the Chief Executive. It will be submitted to the Governance and Audit Committee for consideration and review.
- (3) The preparation and publication of the Annual Governance Statement will meet the statutory requirement of the Accounts and Audit Regulations which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare an annual governance statement “in accordance with proper practices in relation to internal control”. As such the Annual Governance Statement will be prepared in accordance with the timetable for the preparation of financial statements in accordance with the Audit and Accounts Regulations.

Document History

Version	Date	Agreed by	Minute ref
V1	10 Nov 2004 20 Jan 2005 17 Feb 2005	Cabinet Standards Council	CR/74 75 84
V2	5 Nov 2007 12 Dec 2007 31 Jan 2008 21 Feb 2008	Governance Group Governance and Audit Committee Cabinet Council	GG/07-08/4 R189 C16 86
V3	10 Nov 2008 9 Dec 2008 12 Mar 2009 23 Apr 2009	Governance Group Governance and Audit Committee Cabinet Council	Gov05 (10/11/08) R191 54 30
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V5	7 Dec 2010 13 Jan 2011	Governance Group Governance and Audit Committee	Gov04. 117.
V6	8 Nov 2011 13 Dec 2011	Governance Board Governance and Audit Committee	6. 200.
V7	22 Nov 2012 11 Dec 2012	Corporate Management Team Governance and Audit Committee	N/A 262.
V8	11 Dec 2013	Governance and Audit Committee	
V9	10 Dec 2014	Governance and Audit Committee	
V10	25 Mar 2016	Governance and Audit Committee	Min. 11
V11	March 2017	Governance and Audit Committee	