

## **BROMLEY - CODE OF CORPORATE GOVERNANCE (2011)**

### **Introduction:**

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, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, provide leadership to their communities.

Effective corporate governance and the capacity to lead and manage change are essential to meet the ever increasing challenges for the public sector. Good governance is important to all involved in local government and a key responsibility of the Chief Executive, the Leader of the Council and other statutory governance Chief Officers.

### **Bromley Council recognises 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 appropriate mechanisms for control and management of risk.
- All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound.

**The Council's corporate governance framework is based upon guidance issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) and recommended as best practice.**

The CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework identifies four key roles of a local authority:

1. To engage in effective partnerships and provide leadership for and with the community
2. To ensure the delivery of high quality local services whether directly or in partnership or by commissioning
3. To perform a stewardship role which protects the interests of local people and makes the best use of resources
4. To develop citizenship and local democracy

The framework is based upon the following six core principles of good governance:

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 function 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 public accountability

The six core principles each have a number of supporting principles with associated requirements and the attached Code of Corporate Governance sets out how the Council aims to meet these requirements.

Bromley Council is committed to applying these principles and is satisfied that it already has a well established and robust Constitution and other good governance documents and arrangements in place. Bromley's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decision making is efficient, transparent and accountable to local people. Some of the procedures are required by law such as the Code of Conduct for Councillors, while others are a matter for the Council. The key policies and processes that underpin the Council's compliance with these principles are set out in Appendix A.

#### **Annual Governance Review**

The Council conducts an annual review of its governance arrangements, including the system of internal control. The purpose of the review is to provide assurance from a number of sources including Members, Chief Officers, internal and external audit, other review agencies and inspectorates that corporate governance arrangements are adequate and operating effectively; or where gaps are revealed, action is planned that will ensure effective governance in future.

The outcome of the review is detailed in the Annual Governance Statement which is published with the Annual Report and Statement of Accounts

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<b>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.</b>	
Supporting Principles:	The Council will:
1. Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users	develop and promote the Council's purpose and vision
	review on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements
	ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners
	publish an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance
2. Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning	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
	put in place effective arrangements to identify and deal with failure in service delivery
3. Ensuring that the Council makes the best use of resources and that tax payers and service users receive excellent value for money	decide how value for money is to be measured and make sure that the Council or partnership has the information needed to review value for money and performance effectively
	<i>Amendment by Audit Sub-Committee:</i> Will consider measuring the sustainability and environmental impact of policies, plans and decisions. ( <del>delete: measure the sustainability environmental</del> impact of policies, plans and decisions)
	<del>ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the Council meets its policy and service objectives and provides effective stewardship of public money and value for money in its use</del>
	<del>ensure that the Council maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance maintained and takes corrective action when necessary</del>
	ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code

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<b>Core Principle 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles.</b>	
Supporting Principles:	The Council will:
1. Ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function	set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the Council's approach towards putting this into practice
	set out a clear statement of the respective roles and responsibilities of other Council Members, Members generally, senior officers and of the leadership team and its members individually
	<del>ensure that the Chief Finance Officer (CFO) reports directly to the Chief Executive and is a member of the leadership team with a status at least equivalent to other members. If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact</del>
2. Ensuring that a constructive working relationship exists between Council Members and Officers and that the responsibilities of Members and Officers are carried out to a high standard	determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for the collective decision of the Council, taking account of relevant legislation, and ensure that it is monitored and updated when required
	make the Chief Executive (and Head of Paid Service) responsible and accountable to the Council for all aspects of corporate and operational management
	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
	make the <del>Finance Director</del> <b>Director of Finance</b> (who is currently the Chief Finance Officer and Section 151 Officer) responsible to the Council 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
	<del>ensure that Bromley's financial management arrangements conform with the governance requirements of the CIPFA <i>Statement on the Role of the Chief Financial Officer in Local Government</i></del>
	<del>appoint a professionally qualified CFO whose core responsibilities include those set out in the <i>Statement on the Role of the CFO in Local Government</i> and ensure that they are properly understood throughout the authority</del>

	<p><del>ensure that the Council's governance arrangements allow the CFO direct access to the Chief Executive and to other leadership team members</del></p>
	<p><del>ensure that the CFO:</del></p> <ul style="list-style-type: none"> <li><del>• leads the promotion and delivery by the whole organisation of good financial management so that public money is used appropriately, economically, efficiently and effectively at all times</del></li> <li><del>• has a line of professional accountability for finance staff throughout the organisation</del></li> </ul>
	<p><del>ensure that budget calculations are robust and reserves adequate, in line with CIPFA's guidance</del></p>
	<p><del>ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role</del></p>
	<p><del>make the Director of Corporate Services Resources (who is currently the Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with</del></p>
	<p><del>ensure that Chief Officers contribute to the overall leadership of the Council, and work collectively on the strategic management of the Council and the co-ordination of Council-wide initiatives and projects to develop cross service policies through regular meetings of the Chief Officers' Executive Council Directors</del></p>
<p>3. Ensuring relationships between the Council, 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 the remuneration of Members and Officers and an effective structure for managing the process, including an effective remuneration panel</p> <p>ensure that effective mechanisms exist to monitor service delivery</p> <p>ensure that the Council'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><del>establish a medium term business and financial planning process to deliver strategic objectives</del></p>

	<p>including:</p> <ul style="list-style-type: none"> <li>• a medium term financial strategy to ensure sustainable finances</li> <li>• a robust annual budget process that ensures financial balance</li> <li>• a monitoring process that enables this to be delivered</li> </ul> <p>ensure that these are subject to regular review to confirm the continuing relevance of assumptions used</p>
	<p>when working in partnership:</p> <ul style="list-style-type: none"> <li>• ensure that Members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Council</li> <li>• ensure that there is clarity about the legal status of the partnership</li> <li>• 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</li> </ul>

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<b>Core Principle 3: Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</b>	
Supporting Principles:	The Council will:
1. Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance	ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect
	ensure that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols
	put in place arrangements to ensure that Members and employees of the Council 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
2. Ensuring that the organisational values are put into practice and are effective	develop and maintain shared values including leadership values both for the Council and staff reflecting public expectations, and communicate these with Members, staff, the community and partners.
	put in place arrangements to ensure that <del>procedures, operations, systems and processes including those for financial administration, financial control and protection of the authority's resources and assets</del> are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice
	<del>develop and maintain an effective Standards Committee</del> promote and maintain high standards of conduct by Councillors and co-opted members of the Council
	use it's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council
	in pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values will be demonstrated by partners' behaviour both individually and collectively

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<b>Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.</b>	
Supporting Principles:	The Council will:
1. Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny	develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible
	develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based
	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
	develop and maintain an effective Audit Committee which is independent of the executive and scrutiny functions
	ensure an effective internal audit function is resourced and maintained
	ensure that Bromley's assurance arrangements conform with the governance requirements of the <i>CIPFA Statement on the Role of the Head of Internal Audit</i>
	ensure that the Council's governance arrangements allow the CFO direct access to the Audit Committee and external audit
	put in place effective, transparent and accessible arrangements for dealing with complaints
2. Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs	ensure that those making decisions whether for the Council or a partnership are provided with information that is fit for the purpose - relevant, timely and gives clear explanations of technical and financial issues and their implications
	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
	ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority
	ensure the Council's governance arrangements allow the CFO to bring influence to bear on all



	material decisions
	<del>ensure that advice is provided on the levels of reserves and balances in line with good practice guidance (Local Authority Accounting Panel Bulletin 77 – Local Authority Reserves and Balances)</del>
3. Ensuring that an effective risk management system is in place	ensure that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their job
	<del>ensure the Council's arrangements for financial and internal control and for managing risk are addressed in annual governance reports</del>
	<del>ensure the Council puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes</del>
	ensure that effective arrangements for whistle blowing are in place to which Officers, staff and all those contracting with or appointed by the Council have access
4. Using their legal powers to the full benefit of the citizens and communities in their area	actively recognise the limits of lawful activity placed on the Council by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of the community
	recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on Councils by public law
	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 good administrative law – rationality, legality and natural justice – into its procedures and decision making processes

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<b>Core Principle 5: Developing the capacity and capability of Members and Officers to be effective.</b>	
Supporting Principles:	The Council will:
1. Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles	provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis
	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 Council
	<del>ensure the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non financial areas of their role</del>
	<del>review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised</del>
	<del>provide the finance function with the resources, expertise and systems necessary to perform its role effectively</del>
2. Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	assess the skills required by Members and Officers and make a commitment to develop those skills to enable roles to be carried out effectively
	<del>embed financial competencies in person specifications and appraisals</del>
	<del>ensure that Members' roles and responsibilities for monitoring financial performance / budget management are clear, that they have adequate access to financial skills and are provided with appropriate financial training and tools on an ongoing basis to help them discharge their responsibilities</del>
	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
	ensure that effective arrangements are put in place for reviewing the performance of the Council as a whole and of individual Members and agreeing an action plan which might, for example, aim to address any training or development needs
3. Encouraging new talent for membership of the Council so that the best use can be made of individuals' skills and resources in balancing continuity and renewal	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 Council
	ensure that career structures are in place for Officers and support for Members to encourage participation and development

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<b>Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.</b>	
Supporting Principles:	The Council will:
1. Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships	make clear to itself, all staff and the community to whom it is accountable and for what
	consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required
	produce an annual report on the activity of the scrutiny function
2. 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 Council, in partnership or by commissioning	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
	<del>hold all formal councillor or partnership meetings in public unless there are good reasons for confidentiality</del>
	ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and will establish explicit processes for dealing with these competing demands
	establish a clear policy on the types of issues it 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
	publish an annual performance plan giving information on the Council'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
	ensure that the Council 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
3. Making best use of human resources by taking an active and planned approach to meet responsibilities to staff	develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

## BROMLEY - CODE OF CORPORATE GOVERNANCE

<b>GLOSSARY OF TERMS</b>	
<b>TERM</b>	<b>DEFINITION</b>
Chief Executive	The Council's Head of the Paid Service, and chief policy adviser. The Chief Executive heads the Council Directors, which is the officer managerial board including all the departmental Chief Officers.
Chief Finance Officer	The Chief Finance Officer is responsible for the administration of the financial affairs of the Council. In Bromley this is the Director of Finance.
Chief Officers	Chief Officers have a strategic role, advising Members on their areas of particular expertise, and contributing to the overall leadership of the Council; and also a managerial role, ensuring that the services they are responsible for focus on delivering excellent customer service, and making the most effective use of departmental resources to achieve that goal.
CIPFA	The Chartered Institute of Public Finance and Accountancy is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public sector. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards.
Constitution	Sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decision making is efficient, transparent and accountable to local people. Some of the procedures are required by law such as the <a href="#">Code of Conduct for Councillors</a> , while others are a matter for the Council to decide.
Head of Paid Service	Every Council must designate one of its officers as its Head of Paid Service. They are responsible for the staffing of the authority; ensuring that the work of officers is effectively co-ordinated and making sure the organisation runs efficiently. In Bromley this is the Chief Executive.
Members	Locally elected councillors.
Monitoring Officer	Every Council must designate one of its officers as its Monitoring Officer. They are responsible for ensuring the lawfulness and fairness of Council decision making, compliance with Codes and Protocols, and promoting good governance and high ethical standards. In Bromley this is the Director of Corporate Services.
Officers	Paid council employees.
Section 151 Officer	Every Council must designate one of its officers as its Section 151 Officer. They are responsible for the proper administration of the organisation's financial affairs, preparing the Council's statement of accounts in accordance with proper practices, keeping proper accounting records and taking reasonable steps to prevent and detect fraud. In Bromley this is the Director of Finance.
SOLACE	The Society of Local Authority Chief Executives and Senior Managers is the representative body for senior strategic managers working in the public sector. The Society promotes public sector management excellence and provides professional development for its Members who come from all areas of the public sector.