

# K. CODE ON CORPORATE GOVERNANCE

## 1. Introduction

Corporate Governance is the system and processes, culture and values by which local authorities are directed and controlled and through which they account to, engage with and, where appropriate lead their communities. 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.

Harrow Council recognises the need for sound corporate governance arrangements and has put in place policies, systems and procedures designed to achieve this (the Governance Framework).

This code is based on the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their publication 'Delivering Good Governance in Local Government' and outlines the Council's approach to Corporate Governance and demonstrates our commitment to uphold the highest standards of integrity, openness and accountability.

The Council's vision is "to be recognised as one of the best London Councils by 2012, in a borough that is cosmopolitan, confident and cohesive". The key to achieving this vision rests with members, staff, and partners working together to the same high standards of conduct to enable the local community to have confidence in the way in which we work.

## 2. Principles

CIPFA and SOLACE have identified six core principles in delivering good governance. We fully embrace and support these principles of good corporate governance and will ensure that they underpin the delivery of our services to the public in the following ways:

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

Harrow Council will:

- Develop and promote the authority's purpose and vision
- Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements
- Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties
- Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance
- 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

- 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.

## **2.2 Members and Officers working together to achieve a common purpose with clearly defined functions and roles**

Harrow Council will:

- 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
- Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers
- 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
- Make the Head of Paid Service responsible and accountable to the authority for all aspects of operational management
- Develop protocols to ensure that the leader and Head of Paid Service negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained
- Make the Section 151 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
- Make the Monitoring Officer responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with
- Develop protocols to ensure effective communication between members and officers in their respective roles
- Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process.
- Ensure that effective mechanisms exist to monitor service delivery and that these are clearly described within the Performance Management Framework
- 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 ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority
- When working in partnership:
  - ensure that there is clarity about the legal status of the partnership
  - ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions

- ensure that outcomes are managed through a performance management framework

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

Harrow Council will:

- Ensure that the authority'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 authority, 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 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
- Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners
- Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice
- Develop and maintain an effective standards committee
- Use the organisations' shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority
- 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.

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

Harrow Council will:

- Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which we are responsible, and partnerships in which we are involved
- 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 (GARM) which is independent of the executive
- Put in place effective transparent and accessible arrangements for dealing with complaints

- Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications
- 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
- Ensure that risk management is embedded into the culture of the organisation , with members and managers at all levels recognising that risk management is part of their job
- Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the authority have access
- Actively recognise the limits of lawful activity placed on us by, for example the ultra vires doctrine, but also strive to utilise powers to the full benefit of our communities
- 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
- Observe all specific legislative requirements placed upon us, 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 our procedures and decision making processes

## **2.5 Developing the capacity and capability of members and officers to be effective**

Harrow Council will:

- 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 organisation
- Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively
- 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 in place for reviewing the performance of the authority as a whole and of individual members and agreeing an action plan which might for example aim to address any training or development needs
- 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
- Ensure that career structures are in place for members and officers to encourage participation and development

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

Harrow Council will:

- Make clear to ourselves, all staff and the community, to whom we are accountable and for what
- Consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required
- Produce an annual report on scrutiny function activity
- Ensure that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively
- Hold meetings in public unless there are good reasons for confidentiality
- Ensure arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements will recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands
- Establish a clear policy on the types of issues we will meaningfully consult on or engage with the public and service users including a feedback mechanism for those consultees to demonstrate what has changed as a result
- On an annual basis, publish a 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
- Ensure that the authority as a whole is open and accessible to the community, service users and our staff and ensure that we have made a commitment to openness and transparency in all our dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so
- Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

### **3. Annual Review and Reporting**

Each year we (Harrow Council) will carry out a review of our Governance arrangements to ensure compliance with this Code, and the delivery of good governance within the local government framework and current good practice. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively and to identify action required to ensure effective governance in the future.

The outcome of the review will take the form of an Annual Governance Statement prepared on behalf of the Leader at the Council and Head of Paid Service. It will be submitted to the Governance, Audit and Risk Management (GARM) Committee for consideration and review with the annual accounts to meet the statutory requirement of the Accounts and Audit Regulations 2006. This requires findings of the review of the system of internal control to be considered by a committee of the relevant body, or by members of the body meeting as a whole.

We expect the principles set out in this code to be upheld by our members, staff and partners. We will ensure this happens through effective communication of the Code

and a range of policies, systems and processes known collectively as the Governance Framework

We will review this code each year in July/August after the preparation of the Annual Governance Statement.