

## Code of Corporate Governance – Introduction / Explanation

Whilst it is not a statutory requirement to have a Code of Corporate Governance it is recommended by CIPFA (*The Chartered Institute of Public Finance and Accountancy*).

The principal objective of a code of corporate governance is to increase credibility, accountability and public confidence in local authorities and all public bodies are encouraged to adopt a local code.

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 cultures 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.

Governance is more than making sure that things do not go wrong or fixing them if they do. Good governance adds value; it ensures effectiveness in ever changing circumstances.

Governance should be seen as the system by which organisations are directed and controlled and it follows that, if an organisation has good governance, it is well directed and controlled. If it is well directed and controlled it follows that the organisation should be working efficiently, economically and effectively in pursuit of the purpose for which it exists.

The principal objective of a code is to increase credibility, accountability and public confidence in local authorities and all public bodies are encouraged to adopt a local code. A code helps us:

- To develop a framework for Corporate Governance for Sefton Council based on good practice and external guidance
- To demonstrate compliance with the principles of good governance
- To continuously improve our effectiveness through an annual review of performance against the framework
- To feed the results of the above into our Annual Governance Statement



# Sefton Council

## Code of Corporate Governance



# Summary Sheet

## Document Information

<b>Protective marking</b> (Unclassified / Restricted Circulation / Confidential)	Unclassified
<b>Ref</b>	COCG 19
<b>Document purpose</b>	Principles for governance arrangements within the council
<b>Document status</b> (Draft / Active)	Active
<b>Partners</b> (If applicable)	N/A
<b>Date document came into force</b>	
<b>Date of next review</b>	Twelve-month basis
<b>Owner</b> (Service Area)	Sefton Council – Corporate Resources
<b>Location of original</b> (Owner job title / contact details)	Chief Legal and Democratic Officer
<b>Authorised by</b>	Audit & Governance Committee

## Document History

Version	Date	Author	Notes on revisions
---------	------	--------	--------------------



1.0	February 2018	Jacqueline Pendleton	
2.0	June 2018	Jill Coule	
3.0	September 2019	David McCullough	Approved by Audit & Governance Committee on 18.09.19
4.0	September 2023	David McCullough	Approved by Audit & Governance Committee on 06.09.23



## Introduction

### Good Governance

Good governance is about how Sefton Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner. Good governance will enable the Council to pursue its vision and secure its agreed objectives in the most effective and efficient manner.

### Our Commitment

Sefton Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council and ultimately good outcomes.

Good governance flows from shared values, culture and behaviour and from systems and structures. This Code of Corporate Governance is a public statement that sets out the framework through which the Council meets its commitment to good corporate governance.

### The Governance Framework

The Governance Framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

Corporate governance in Sefton is based on the following principles recommended by the Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) in a joint document entitled “Delivering Good Governance in Local Government (2016 Edition)” which builds on the seven “Principles for the Conduct of Individuals in Public Life” (Appendix A):

The seven principles of Corporate Governance laid out in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016 Edition) are as follows: -

- 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 optimize the achievement of 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; and
- G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

## Achieving the Intended Outcomes While Acting in the Public Interest at all Times



*(International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the "International Framework")*

The Framework is based on the principles in the inner circle permeating and being evident throughout the application of the principles in the outer circle. The diagram also illustrates that good governance is dynamic and involves continuous evaluation and review.

This document describes how the Council achieves the seven principles of good governance and describes how the council's corporate governance arrangements will be monitored and reviewed.



## How Sefton Council achieved the seven principles of good governance

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

Sub – Principles	How Sefton Council Achieves the Principle
<p>Behaving with integrity.</p> <p>Demonstrating strong commitment to ethical values.</p> <p>Respecting the rule of law.</p>	<ul style="list-style-type: none"> <li>◇ The Council has an agreed constitution which sets out how the council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.</li> <li>◇ All reports to Council, Cabinet and committees are checked by the Legal and Financial Services to ensure the decisions to be made are lawful and comply with financial requirements.</li> <li>◇ The committee report template has been amended to include implications for children and young people and for the climate emergency.</li> <li>◇ The Council has put processes in place to minimise the risk that its Councillors and employees act in an improper way (influenced by prejudice, bias or conflict of interest) when dealing with stakeholders.</li> <li>◇ The Council has Codes of Conduct and a suite of policies and procedures for Councillors and employees which define the standards of behaviour expected. Deviation from these policies may result in the use of the embedded disciplinary processes in place.</li> <li>◇ Members are required to declare any conflicts of interest at meetings and to have a Register of Interests which is published on the Council's website.</li> <li>◇ The Council has a Confidential Reporting Policy and a Anti-Fraud and Bribery Policy which discourage in appropriate activities and encourages the reporting of the same.</li> <li>◇ Employees are required to notify their line manager of any conflicts of interests.</li> <li>◇ The Council's Vision (Sefton 2030) and Framework for Change programme are clear and demonstrates its commitment to its</li> </ul>



	<p>stakeholders. The 2030 Vision also takes into account ethical behaviour in its promise.</p> <ul style="list-style-type: none"> <li>◇ The Council has a Corporate Plan for 2023 to 2026 which sets out the Council's priorities, core purpose and how it works to deliver the priorities.</li> </ul>
--	--

## B - Ensuring openness and comprehensive stakeholder engagement.

Sub – Principle	How Sefton Council Achieves the Principle
<p>Openness.</p> <p>Engaging comprehensively with institutional stakeholders.</p> <p>Engaging stakeholders effectively, including individual citizens and service users.</p>	<ul style="list-style-type: none"> <li>◇ The Council is committed to openness and holds meetings in public whenever it can.</li> <li>◇ The Council publishes all relevant information (as required by the Local Government Transparency Code 2015) (as amended) on its website.</li> <li>◇ The Council website contains comprehensive information pertaining to the services provided by Sefton. <a href="#">Sefton Home</a></li> <li>◇ The Council's decision-making information, including committee agendas and minutes (not restricted) is available via the council's website and intranet. <a href="#">Councillors, Meetings, Decisions (sefton.gov.uk)</a></li> <li>◇ The Council has dedicated pages on its intranet for data protection and information handling.</li> <li>◇ The Council undertakes consultation exercises regularly and all consultation exercises receive prior approval from the Public Consultation and Engagement Panel. The panel also receives feedback on the effectiveness of consultation processes.</li> <li>◇ This Code is published on the Council's website. <a href="#">Sefton Home</a></li> </ul>

## C - Defining outcomes in terms of sustainable economic, social and environmental benefits.

Sub – Principle	How Sefton Council Achieves the Principle
Defining Outcomes	<ul style="list-style-type: none"> <li>◇ The council is committed to community engagement and involvement.</li> </ul>





<p>Sustainable economic, social and environmental benefits.</p>	<ul style="list-style-type: none"> <li>◇ The Council has a clear vision for the future as set out in Sefton 2030, Framework for Change Programme and Corporate Plan, which takes into account all relevant economic, social and environmental factors.</li> <li>◇ The Council's Framework for Change has been developed to achieve financial sustainability, to ensure services align with the core purpose and that the Council works with partners to achieve better outcomes.</li> <li>◇ The Council has a structured Budget and Treasury Management process in place.</li> </ul>
---	--

**D - Determining the interventions necessary to optimise the achievement of the intended outcomes.**

Sub – Principle	How Sefton Council Achieves the Principle
<p>Determining interventions.</p> <p>Planning interventions.</p> <p>Optimising achievement of intended outcomes.</p>	<ul style="list-style-type: none"> <li>◇ The Council operates a Scrutiny and Review committee system and the decision making process allows for challenge where necessary.</li> <li>◇ The Council has a robust financial strategy with Financial Planning protocols in place (Framework for Change, Medium Term Financial Plan, annual budget monitoring and Forward plans.)</li> <li>◇ Cabinet receives regular reports on the Revenue and Capital Budgets and the Audit and Governance Committee receives regular reports on Treasury Management.</li> <li>◇ The Council engages and undertakes consultation exercises with its stakeholders in relation to service provision changes and new initiatives.</li> <li>◇ Social value is considered for all Council tender/ARFQ exercises, with the requirement for Social Value being clearly documented in the Council's Contract Procedure Rules.</li> </ul>



**E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

Sub – Principle	How Sefton Council Achieves the Principle
<p>Developing the entity's capacity.</p> <p>Developing the capability of the entity's leadership and other individuals.</p>	<ul style="list-style-type: none"> <li>◇ The Council has an agreed constitution which details roles and responsibilities of Councillors and key Officers of the Council.</li> <li>◇ The Council requires all new employees and Councillors to undertake an induction process.</li> <li>◇ The Council has several human resource policies in place.</li> <li>◇ The Council has a personal development review process in place for employees.</li> <li>◇ There is a training programme for members and employees. Employee training needs are identified through the annual appraisal process.</li> <li>◇ The Council has a Member Induction Programme and a Member Development Handbook.</li> <li>◇ The Council has established a Member Development Steering Group.</li> <li>◇ The Council has determined a number of training courses as mandatory for members and employees.</li> <li>◇ Financial Regulations are contained within the Council Constitution and all employees are required to operate within them.</li> <li>◇ The Council works with a number of partners in order to deliver services throughout the borough.</li> <li>◇ The Council will be a constituent authority in the Cheshire and Merseyside Health and Care Partnership to deliver an integrated care strategy across Cheshire and Merseyside</li> <li>◇ Areas of the Council have been or are under review to ensure that they are operating efficiently and effectively within resources available.</li> </ul>

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



Sub – Principle	How Sefton Council Achieves the Principle
<p>Managing risk.</p> <p>Managing performance.</p> <p>Robust internal control.</p> <p>Managing data.</p> <p>Strong public financial management.</p>	<ul style="list-style-type: none"> <li>◇ The Council has a Risk Management Framework in place.</li> <li>◇ The Council's Performance Management of new projects is linked to the Framework for Change.</li> <li>◇ A system of scrutiny and review is in place as part of the Council's decision-making process.</li> <li>◇ The Council has an Audit &amp; Governance Committee who meets quarterly and provides independent assurance on the adequacy of the Council's Risk Management Framework and the associated control environment.</li> <li>◇ The Council has a Risk Management Handbook and the Audit &amp; Governance Committee review the Corporate Risk Register at each meeting.</li> <li>◇ The Audit and Governance Committee has endorsed a risk appetite framework.</li> <li>◇ An internal audit function is maintained and reports quarterly to the Audit &amp; Governance Committee.</li> <li>◇ A data management framework and procedures are in place and are readily available to all members of staff. The Council has appointed a Data Protection Officer, Senior and Deputy Senior Information Risk Officers.</li> <li>◇ The Council has a robust financial strategy with Financial Planning protocols in place (Framework for Change, annual budget monitoring Medium Term Financial Plan and Forward plans.)</li> <li>◇ Council Financial Statements are available to the Public on the Council's website.</li> </ul>

**G - Implementing good practices in transparency, reporting, and audit to deliver accountability.**

Sub – Principle	How Sefton Council Achieves the Principle
<p>Implementing good practice in transparency.</p>	<ul style="list-style-type: none"> <li>◇ The Council adheres to the Local Government Transparency Code 2015, with relevant information accessible via the council's website.</li> </ul>



<p>Implementing good practices in reporting.</p> <p>Assurance and effective accountability.</p>	<ul style="list-style-type: none"> <li>◇ The Councils website is designed for ease of navigation and includes “Browse aloud” function.</li> <li>◇ The Council has a Communications Policy in place.</li> <li>◇ The Council’s Financial Statements, Auditors letter and LGA Peer Review Action Plan is available on the Councils website.</li> <li>◇ The Council produces financial statements in accordance with CIPFA’s Practice on Local Authority Accounting in the UK following International Financial Reporting Standards (IFRS). The Financial statements are scrutinised by the external auditor with a separate report produced.</li> <li>◇ An Annual Governance Statement is produced and incorporated into the Council’s approved Financial Statements.</li> <li>◇ The Council has a compliments and complaints policy</li> </ul>
---	--

### Monitoring and reporting

The Council will undertake an annual review of its governance arrangements to ensure continuing compliance with best practice to provide assurance that corporate governance arrangements are adequate and operating effectively in practice. Where reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The Council will prepare an Annual Governance Statement which will be submitted to the Audit and Governance Committee for consideration and will form part of the Council’s annual Financial Statement.

The Annual Governance Statement will include:

- an acknowledgement of responsibility for ensuring there is a sound system of governance and system of internal control;
- a brief description of the key elements of the governance arrangements;
- a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements;
- an evaluation of the level of assurance that the systems and processes that comprise the Council’s governance arrangements can provide; and
- an outline of the actions taken, or proposed, to deal with significant governance and internal control issues.



The Annual Governance Statement will be signed by the Leader of the Council and the Chief Executive on behalf of the Council.

In reviewing and approving the Annual Governance Statement, members of the council will be provided with detailed information regarding the effectiveness of the governance arrangements and system of internal control and how these address the key risks faced by the Council. Those assurances will be available from a wide range of sources, including internal and external audit, a range of external inspectorates and managers from across the Council.

The Council will aspire to operate an assurance framework, embedded into its business processes, that maps corporate objectives to risks, controls and assurances. This framework and regular reports on its application and effectiveness will provide members with assurances to support the Annual Governance Statement and will help members to identify whether corporate objectives and significant business risks are being properly managed.





## **The Seven Principles of Public Life**

The Seven Principles of Public Life apply to anyone who works as a public office holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, courts and probation services, non-departmental public bodies, and in health, education, social and care services. All public office holders are servants of the public and stewards of public resources. The principles also apply to all those in other sectors delivering public services.

### **1. Selflessness**

Holders of public office should act solely in terms of the public interest.

### **2. Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### **3. Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### **4. Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### **5. Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### **6. Honesty**

Holders of public office should be truthful.

### **7. Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

*The Seven Principles were established in the Committee's first report in 1995, the accompanying descriptors were revised following a review in the Fourteenth Report, published in January 2013.*