

METROPOLITAN BOROUGH OF KNOWSLEY

CODE OF CORPORATE GOVERNANCE

1. INTRODUCTION

Knowsley Council is committed to the principles of good corporate governance, and this Code of Corporate Governance specifies the Council's intention to have the necessary procedures and practices to enable the highest standards to be maintained. Therefore, the Code is enshrined within the Council's constitution. The Council is responsible for ensuring that business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Governance comprises the culture and values, and systems and processes for the direction and control of local government through which they account to, engage with and lead their communities. The function of governance is to ensure that all local government organisations, or connected partnerships fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, and ethical manner.

The Code reflects the key components of the guidance issued in the document Delivering Good Governance in Local Government, which was published jointly by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives in 2007. This guidance built on recent governance work in both the public and private sectors and in particular The Good Governance Standard for Public Services drawn up by the Independent Commission on Good Governance in Public Services.

The Council recognises the six core principles of good governance as:

1. focussing on the purpose of the Council and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area;
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
3. promoting the values of the Council 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 to be effective and ensuring that officers, including the statutory officers, also have the capability and capacity to deliver effectively; and,
6. engaging with local people and other stakeholders to ensure robust local public accountability.

2. APPLYING THE PRINCIPLES OF GOOD GOVERNANCE

In order to achieve good governance, the Council will seek to apply each of the six core principals, along with their supporting principles, in the following way.

1. Focussing on the purpose of the Council and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

Supporting principles:

- exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users;
- ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning; and,
- ensuring that the Council makes best use of resources and that tax payers and service users receive excellent value for money.

The Council will:

- 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;
- publish an annual report on a timely basis to communicate the Council'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; and,
- 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. Measure the environmental impact of policies, plans and decisions.

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

Supporting principles:

- 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;
- ensuring that a constructive working relationship exists between elected members and officers and that the responsibilities of Members and officers are carried out to a high standard; and,
- ensuring relationships between the Council and the public are clear so that each know what to expect of the other.

The 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 Council's approach towards putting this into practice;
- set out a clear statement of the respective roles and responsibilities of other Members, Members generally and of senior officers;
- 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 Council taking account of relevant legislation and ensure that it is monitored and updated when required;
- make the Chief Executive responsible and accountable to the Council for all aspects of 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 S151 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;
- make the monitoring officer responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice 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 including an effective Member remuneration panel;
- ensure that effective mechanisms exist to monitor service delivery;
- 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; and,
- when working in partnership:
 - ensure that there is clarity about the legal status of the partnership;
 - ensure that representatives both understand and make clear to all other partners the extent of their authority to bind the Council to partner decisions; and,
 - ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and the Council.

3. Promoting the values of the Council and demonstrating the values of good governance through behaviour

Supporting principles:

- ensuring Members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance; and,
- ensuring that organisational values are put into practice and are effective.

The Council will:

- 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 staff 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;
- develop and maintain shared values including leadership values both for the organisation and its staff reflecting public expectations and communicate these with Members, staff, the community and partners;
- put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing compliance in practice;
- develop and maintain an effective Standards Committee;
- use the Council's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council; and,
- 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.

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

Supporting principles:

- being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny;
- having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants or needs;
- ensuring that an effective risk management system is in place; and,
- using legal powers to the full benefit of the citizens and communities in the area.

The Council will:

- 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 officers against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice;
- develop and maintain an effective Governance & Audit Committee which is independent of the executive and the scrutiny function;
- ensure that effective, transparent and accessible arrangements are in place for dealing with complaints;
- ensure that those making decisions are provided with information that is fit for the purpose that is relevant, timely and gives clear explanations of technical 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 that risk management is embedded into the culture of the Council, with Members and officers at all levels recognising that risk management is part of their job;
- ensure that effective arrangements for whistleblowing are in place to which officers and all those contracting with or appointed by the Council have access;
- actively recognise the limits of lawful activity placed on the Council by, for example, the ultra vires doctrine but also strive to utilise the Council's powers to the full benefit of communities;
- recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on authorities 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 administrative law that is rationality, legality and natural justice into the procedures and decision making processes and,
- when working in partnership, put in place protocols for working together which include:
 - a shared understanding of respective roles and responsibilities of each organisation; and,
 - ensure that there are robust procedures for scrutinising decisions and behaviour and that these decisions and behaviour are compliant with any local authority rules/codes or comply with any rules/codes developed for the purpose of the partnership.

5. Developing the capacity and capability of members to be effective and ensuring that officers including the statutory officers also have the capability and capacity to deliver effectively.

Supporting principles:

- making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles;
- developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group; and,
- encouraging new talent for membership of the Council so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

The 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 Council;
- 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 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;
- 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 Members and officers to encourage participation and development; and,
- when working in partnership, ensure that partners individually and the partnership collectively share responsibility for appointing people to the partnership who have the required skills. The partnership should:
 - identify the capacity and capability requirements of the partnership; and,
 - develop an effective plan for addressing any gaps.

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

Supporting principles:

- exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability relationships;
- 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; and,
- making best use of human resources by taking an active and planned approach to meet responsibility to staff.

The Council will:

- make clear to themselves, all staff and the community, to whom they are 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 scrutiny function activity;
- 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;
- 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 establish explicit processes for dealing with these competing demands;
- establish a clear policy on the types of issues the Council will meaningfully consult on or engage with the public and service users about, including a feedback mechanism for those consulted to demonstrate what has changed as a result;
- on an annual basis, publish a 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 Officers and ensure that there is 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; and,
- develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.

3. ANNUAL REVIEW & REPORTING

The Council will, at least annually, review its governance arrangements to ensure:

- continuing compliance with best practice principles as outlined in this Code;
- corporate governance arrangements are adequate and operating effectively in practice; or,
- where reviews of the corporate governance arrangements have revealed gaps, action is planned that will ensure effective governance in future.

The Council has a statutory requirement to produce an Annual Governance Statement as part of each year's Statement of Accounts, in order to report publicly on the effectiveness of the system of internal control and governance arrangements. The Annual Governance Statement, which is submitted to the Governance & Audit Committee for review and approval, describes the key elements of the governance and internal control environment in the Council, the outcome of reviews on the effectiveness of the systems, and the actions taken on any significant matters.