

LOCAL CODE OF CORPORATE GOVERNANCE

Introduction

The Council has a corporate governance framework in place which is aimed at ensuring that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. The corporate governance framework comprises the systems, processes, cultures and values through which the Council directs and controls its functions, and through which it accounts to, engages with and, where appropriate leads communities.

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

The framework is based upon the following seven core principles:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable, economic, social and environmental benefits;
- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- Managing risk and performance through robust internal control and strong public financial management;
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Each of these seven core principles have supporting principles with associated requirements and the Code sets out how the Council aims to meet these requirements.

The framework is summarised in a table at Annex 1.

Core Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law.

All Council Members and staff are required to act in accordance with codes of conduct and high standards are promoted across the Council. The Council will:

- ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting its reputation
- ensure members take the lead in establishing specific standard operating principles or values for the Council and its staff and that they are communicated and understood. These build on the Seven Principles of Public Life (the Nolan Principles)
- lead by example and use the above principle and values as a framework for decision making and other actions
- demonstrate, communicate and embed the above principle and values through appropriate policies/processes which are reviewed on a regular basis to ensure they are operating effectively
- seek to establish, monitor and maintain its ethical standards and performance
- underpin personal behaviour with ethical values and ensure they permeate all aspects of its culture and operation
- develop and maintain robust policies and procedures which place emphasis on agreed ethical values
- ensure that external providers of services on its behalf are required to act with integrity and in compliance with expected ethical standards
- ensure members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
- create the conditions to ensure that the statutory officers, other key post holders and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- strive to optimise the use of full powers available for the benefit of citizens, communities and other stakeholders
- dealing with breaches of legal and regulatory provisions effectively
- ensure corruption and misuse of power are dealt with effectively.

Core Principle B – Ensuring openness and comprehensive stakeholder engagement.

The Council has a consultation framework aimed at ensuring the community is given the opportunity to be involved in, and influence, policy-making, service delivery and evaluation in order to continually improve services. Key to our success as a council is the way we engage our local communities through Community Leadership. The Council will:

- ensure an open culture through demonstrating, documenting and communicating our commitment to openness
- make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
- use formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action
- effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that the outcomes are achieved successfully and sustainably
- develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
- ensure that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit
- establish a clear policy on the type of issues that we 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
- ensure that communication methods are effective, and that members and officers are clear about their roles with regard to community engagement
- encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- implement effective feedback mechanisms in order to demonstrate how views have been taken into account
- balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity

- take account of the impact of decisions on future generations of tax payers and service users.

Core Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits.

The Council's development of a City Plan sets out the vision for the City until 2030. The intentions of the vision are set out as part of a Dynamic, Healthy and Vibrant City. The City Plan sets out explicitly the Council's planned key actions and performance targets for the future. Community leadership runs through all the council's work and shapes how we work with our communities. The Council will:

- have a clear vision, which is in an agreed formal statement of our purpose and intended outcomes containing appropriate performance indicators, which provide the basis for our overall strategy, planning and other decisions
- specify the intended impact on, or changes for, stakeholders including citizens and service users. This could be immediately or over the course of a year or longer
- deliver defined outcomes on a sustainable basis within the resources available
- identify and manage risks to the achievement of outcomes
- manage service users' expectations effectively with regard to determining priorities and making the best use of the resources available
- consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
- take a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between our intended outcomes and short-term factors such as the political cycle or financial constraints
- determine 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
- ensure fair access to services.

Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

The Council has a Corporate Planning and Performance Management Framework which helps us to deliver the best outcomes and services in relation to our priorities and statutory responsibilities within available resources, and to create an 'early warning system' where this is not the case. The Council will:

- ensure 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
- consider 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
- establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets
- engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- consider and monitor risks facing each partner when working collaboratively, including shared risks
- ensure arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances
- establish appropriate key performance indicators as part of the planning process in order to identify how the performance of services and projects is to be measured
- ensure capacity exists to generate the information required to review service quality regularly
- prepare budgets in accordance with objectives, strategies and the medium term financial plan
- inform medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy
- ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
- ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term

- ensure 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
- ensure the achievement of 'social value' through service planning and commissioning.

Core Principle E: Developing the entity's capacity including the capability of its leadership and the individuals within it.

The Council recognises the importance of having highly skilled and motivated Members and staff to deliver its priorities and to sustain public confidence in its services. The Council is committed to the development of Members and staff skills, knowledge and performance through programmes of induction, training and development. The Council will:

- review operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
- improve 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
- recognise the benefits of partnerships and collaborative working where added value can be achieved
- develop 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
- publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
- ensure the Leader and 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
- develop 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
- ensure that there are structures in place to encourage public participation
- taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections

- hold staff to account through regular performance reviews which take account of training or development needs
- ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

Core Principle F: Managing risk and performance through robust internal control and strong public financial management.

All Council members and key officer roles and functions are set out in the Council's Constitution, there is a protocol on member / employee relations and an agreed set of organisational values underpinning all of the Council's work. The Council will:

- recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making
- implement robust and integrated risk management arrangements and ensure that they are working effectively
- ensure that responsibilities for managing individual risks are clearly allocated
- monitor service delivery effectively including planning, specification, execution and independent post implementation review
- make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the our financial, social and environmental position and outlook
- ensure 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 our performance and that of any organisation for which we are responsible
- encourage effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making
- provide members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
- ensure there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)
- align the risk management strategy and policies on internal control with achieving objectives
- evaluate and monitor risk management and internal control on a regular basis
- ensure effective counter fraud and anti-corruption arrangements are in place
- ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control are provided by internal audit

- ensure an audit committee provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and its recommendations are listened to and acted upon
- ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- ensure effective arrangements are in place and operating effectively when sharing data with other bodies
- review and audit regularly the quality and accuracy of data used in decision making and performance monitoring
- ensure financial management supports both long term achievement of outcomes and short-term financial and operational performance
- ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Council conducts all business in an open and transparent manner and has formal processes for declaring relationships or interests to ensure that decision-making is transparent and objective. There is a robust system of scrutiny and effective arrangements for managing risks. The Council will:

- write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensure that they are easy to access and interrogate
- strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand
- report at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
- ensure members and senior management own the results reported
- ensure robust arrangements for assessing the extent to which governance principles have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
- ensure that these governance principles are applied to jointly managed or shared service organisations as appropriate
- ensure 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
- ensure that recommendations for corrective action made by external audit are acted upon

- ensure 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
- welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations
- gain assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
- ensure that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.

Annual Governance Review

The Council will conduct, at least annually, a review of the effectiveness of the corporate governance framework including the system of internal control.

The review will be informed by the Council's Integrated Risk and Assurance Framework which is designed to gather assurance on an ongoing basis from all relevant sources across the Council.

A report on the findings and recommendations arising from the review will be presented to the Council's Chief Officers Group, Audit and Governance Committee and Cabinet.

April 2019

Annex 1 – Governance Framework

Values	Engagement	Defining Outcomes	Achieving Outcomes
Capacity and Capability	Managing Risk & Performance		Accountability
The corporate governance framework comprises the systems, processes, cultures and values through which the Council directs and controls its functions, and through which it accounts to, engages with and, where appropriate leads communities.			



Key Documents Produced / Reviewed Annually	Key Documents Produced / Reviewed As Required	Supporting Processes, Monitoring and Regulation
Annual Statement of Accounts City Plan Corporate Risk Profile Strategic Risk Profile Council tax leaflet Medium Term Financial Strategy Members Allowances Scheme Service Plans Treasury Management Strategy / Annual Review	Anti Fraud and Corruption Policy Business Continuity Management Arrangements Complaints Procedure Constitution Consultation and Involvement Toolkit Corporate Health and Safety Statement of Intent Corporate Complaints Policy Procurement Strategy Delegated Decision Records Directorate Delegation Schemes Employees' Code of Conduct Member / Employee Relations Protocol Member Training and Development Programme Members' Code of Conduct Monitoring Officer Protocol Partnership Agreements Partnerships Code of Practice Sunderland Leadership Programme Vision and Values Whistle Blowing Policy and Arrangements	Area Committees / Frameworks Annual Governance Review and Statement Audit and Governance Committee Budget Management Framework Committee Management Information System Consultation Arrangements Corporate Appraisal Process Risk and Assurance Map Employee Declarations of Interest External Audit (Annual Audit Letter) Financial Procedure Rules Inspectorate Reports Integrated Risk and Assurance Framework Internal Audit Job profiles Joint Consultative Arrangements Monitoring Officer role Procurement Procedure Rules Register of Member's Interests Scrutiny Arrangements Section 151 Officer Standards Committee Website and Intranet