

Central  
Bedfordshire  
Council  
Priory House  
Monks Walk  
Chicksands,  
Shefford SG17 5TQ



**TO ALL MEMBERS OF THE AUDIT COMMITTEE**

31 March 2011

Dear Councillor

**AUDIT COMMITTEE – MONDAY, 4 APRIL 2011**

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the following late report:-

**11. Code of Corporate Governance and Annual Governance Statement**

To consider the proposed adoption of the Code of Corporate Governance and comment on the draft Annual Governance Statement.

Should you have any queries regarding the above please contact me.

Yours sincerely

Leslie Manning  
Committee Services Officer

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telephone: 0300 300 5132

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**Meeting:** Audit Committee  
**Date:** 4 April 2011  
**Subject:** Code of Corporate Governance and Annual Governance Statement  
**Report of:** Director of Customer and Shared Services  
**Summary:** The report proposes the adoption of the Code of Corporate Governance and seeks the Committee's comments on the draft Annual Governance Statement.

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**Contact Officer:** John Atkinson, Head of legal and Democratic Services  
**Public/Exempt:** Public  
**Wards Affected:** All  
**Function of:** Audit Committee/Leader and Chief Executive

#### **CORPORATE IMPLICATIONS**

##### **Council Priorities:**

A sound system of corporate governance provides the framework and assurance within which the Council can deliver its priorities with confidence. The opening paragraph of the draft Code of Corporate Governance (Appendix A) describes corporate governance as the means by which the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

##### **Financial:**

The Annual Governance Statement will be included in the Council's Statement of Accounts for 2010/11, but this report has no financial implications.

##### **Legal:**

The Accounts and Audit Regulations 2003 require the Council to conduct an annual review of its systems of internal control. The preparation of an Annual Governance Statement forms part of that process.

##### **Risk Management:**

The Annual Governance Statement identifies significant governance issues and these have been identified by reference to the Council's strategic risk register.

**Staffing (including Trades Unions):**

There are none.

**Equalities/Human Rights:**

None arise directly from this report.

**Community Safety:**

There are none.

**Sustainability:**

There are none.

**RECOMMENDATION(S):**

1. **that the Audit Committee**
  - (a) **approves the Code of Corporate Governance.**
  - (b) **considers and comments on the draft Annual Governance Statement.**

**Background**

1. The Audit Committee's terms of reference include responsibility for approving the Code of Corporate Governance and for overseeing the production of the Council's Annual Governance Statement. Ultimately, the Annual Governance Statement is approved by the Leader and Chief Executive.

**Code of Corporate Governance**

2. The attached Code of Corporate Governance was prepared in draft last year but has not been formally adopted by the Council. It sets out the six core principles of Corporate Governance and describes how the Council will achieve these principles.

**Annual Governance Statement for 2010/11**

3. The Annual Governance Statement (AGS) adopts the same format as last year. In effect, this year's Statement is an updated version of the document that was adopted in 2009/10.
4. The Annual Governance Statement is intended to demonstrate how the Council has achieved the principles contained in the Code of Corporate Governance in the current financial year.
5. The Audit Committee is asked to consider whether the draft AGS accurately reflects the governance arrangements and the management of risk.

### **Conclusion and Next Steps**

6. At this stage, the AGS remains a draft document. It will be subject to further review and amendment in the light of any comments made by the Audit Committee before it is submitted to the Leader and Chief Executive for formal adoption.

### **Appendices:**

Appendix A – Code of Corporate Governance

Appendix B – Draft Annual Governance Statement

### **Background Papers:** (open to public inspection)

None

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**CENTRAL BEDFORDSHIRE COUNCIL**

**LOCAL CODE OF CORPORATE GOVERNANCE**

1.0 What is Corporate Governance?

- 1.1 Corporate Governance is about how the council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 1.2 It 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 our communities.
- 1.3 Central Bedfordshire (CBC) is committed to the principles of good corporate governance and wishes to confirm its ongoing commitment and intentions, through the continued maintenance of a Local Code of Corporate Governance.

2.0 The Principles of Corporate Governance

- 2.1 The following six core principles derive from a 2004 publication entitled The Good Governance Standard for Public Services. This was produced by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute Of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001).
- 2.2 The six core principles are:
  - a) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
  - b) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
  - c) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
  - d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
  - e) Developing the capacity and capability of members and officers to be effective; and
  - f) Engaging with local people and other stakeholders to ensure robust public accountability.

2.3 The application of these six core principles to CBC is discussed in the sections that follow.

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

3.1 Within this core principle, there are three supporting principles. These are set out below, together with the processes and activities that we have put in place in order to fulfil these principle's requirements.

The council must exercise strategic leadership by developing and clearly communicating its purpose and vision and its intended outcomes for citizens and service users.

This will be achieved by:

- a) Continuing to review and refresh the Sustainable Community Strategy within the framework of the Central Bedfordshire Local Strategic Partnership,
- b) Continuing to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in the work of CBC, including contributing to the content of the Sustainable Community Strategy;
- c) Continuing to use the Sustainable Community Strategy; process to develop a vision for the local communities within the CBC area. This vision must be clearly set out and circulated, and will incorporate appropriate priorities and targets. The vision will be supported through the Council's Strategic Plan
- d) Continuing to include within the Strategic Plan a statement of priorities within specific ambitions so as to describe the areas where the council is focussing its activities over a three-year period.

The council must ensure that users receive a high quality of service whether directly, or in partnership, or by commissioning.

This will be achieved by:

- a) Setting out in the Strategic Plan the Council's vision and priorities;
- b) Ensuring key performance indicators relating to these priorities are reported and reviewed on a regular basis;
- c) Undertaking customer satisfaction surveys at appropriate time intervals, and comparing the results with neighbouring and similar councils;
- d) Including in contracts and agreements, where services are provided in partnership with others, or by commissioning, detailed arrangements for monitoring



- outcomes against agreed targets and appropriate performance indicators;
- e) Continuing to develop and enhance the arrangements for reporting to CBC Members, on a quarterly basis using a traffic light system, performance against the agreed resources/targets and indicators;
  - f) Continuing to review, maintain and update on an annual basis a risk register to identify potential risks to the continuation of effective service delivery together with intended actions to minimise these risks; and
  - g) Continuing to review, maintain and update on an annual basis a Business Continuity Plan.

The council must ensure that it makes best use of resources and that taxpayers and service users receive excellent value for money.

This will be achieved by:

- a) Continuing to develop and enhance sound systems for providing management information for performance measurement purposes;
- b) Monitoring and reporting performance against the agreed standards in a comprehensive and understandable way;
- c) Instilling the concept of achieving value for money in our daily activities including the challenging of inappropriate procurement practices;
- d) Ensuring that the staff responsible for assets and for spending against budgets are identified, and that they fully understand their responsibilities in that regard;
- e) Fostering effective relationships and partnerships with other public sector agencies and also with the private and voluntary sectors so that services can be delivered by the most appropriate route;
- f) Providing positive responses to the findings of internal and external auditors and other statutory inspectors, and making proper arrangements for the effective implementation of any agreed actions that may result;
- g) Ensuring that standing orders, financial regulations, procurement rules and any other procedural requirements are maintained in a timely manner, and that these are adhered to – including the provision of training where required;
- h) Ensuring that information, knowledge and data is securely held, and is made available on a corporate basis wherever possible; and
- i) Ensuring that the environmental impacts of any policies, plans and decisions are identified and considered at the time such policies, plans and decisions are made.

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

4.1 Within this core principle, there are also three supporting principles.

The council must ensure effective leadership throughout the authority and be clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.

This will be achieved by:

- a) Maintaining, publishing and keeping up to date a written Constitution which defines the roles and responsibilities of full council, the executive, scrutiny and all other standing committees;
- b) Maintaining, publishing and keeping up to date the specific roles and responsibilities of the executive members individually;
- c) Ensuring through training that all members understand their respective roles and responsibilities;
- d) Maintaining and keeping up to date a written guide for members on the roles and responsibilities of the council's overview and scrutiny committees; and
- e) Ensuring that members have access to all relevant information, advices and resources so that they can effectively fulfil their roles and responsibilities.

The council must ensure that a constructive working relationship exists between the authority's members and officers and that the responsibilities of members are carried out to a high standard.

This will be achieved by:

- a) Maintaining appropriate codes and protocols within the constitution, including the Members' Code of Conduct, a Planning Code of Conduct, an employees' code of conduct and a protocol on member/employee relations;
- b) Arranging regular training for new and existing members on the Code of Conduct and related matters;
- c) Ensuring the register of members' interests is complete and updated annually;
- d) Supporting regular meetings of the Standards Committee tasked with ensuring that members conduct themselves to a high standard;
- e) Maintaining a scheme of delegation and reserve powers within the constitution;
- f) Ensuring that e) above is updated on a regular basis – at least annually – and that legislative changes are incorporated promptly;

- g) Ensuring that a named officer (the Chief Executive at present) continues to be made responsible and accountable to the council for all aspects of operational management, and that these responsibilities are set out within the constitution;
- h) Continuing to ensure that the Leader of the Council and the Chief Executive understand each others' roles, responsibilities and objectives, and that this understanding is agreed at an early stage of their relationship should either person change;
- i) Ensuring that a named senior officer continues to be identified under Section 151 of the Local Government Act 1972 as the Chief Financial Officer, to be responsible to the council for requiring that appropriate advice is given on all financial matters, the keeping of proper financial records and accounts, and maintaining an effective system of internal financial control; and
- j) Ensuring that a named senior officer continues to be identified under S.5 of the Local Government and Housing Act 1989 as the Monitoring Officer, to be responsible to the council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

The council must ensure that relationships between the authority, its partners and the public are clear so that each knows what to expect of the other.

This will be achieved by:

- a) Ensuring that all employees understand their respective roles and responsibilities and know exactly what is expected of them;
- b) Ensuring that there are no barriers between employees and members by the development of appropriate communication protocols within the overall communication strategy;
- c) Ensuring that both members and employees have written statements of terms and conditions in respect of remuneration and that there exists an effective structure for managing the process regarding remuneration;
- d) Ensuring that effective mechanisms exist to monitor service delivery through the use of service plans and performance monitoring processes;
- e) Ensuring, through the production of the Sustainable Community Strategy and the Strategic Plan, that the council's vision, strategic plans, priorities and targets are continue to be developed through robust mechanisms – including use of citizens' panels and surveys – and that

- they are developed in consultation with the local community and other key stakeholders;
- f) Ensuring that such matters are clearly articulated and disseminated via the overall communication strategy;
  - g) Ensuring that the council adopts an open policy within its overall communication strategy;
  - h) Ensuring that where partnership working is involved, that members and officers are clear about their roles and responsibilities, both individually and collectively, in relation to the partnership and the council through formal assessments of risks and any potential conflicts of interests;
  - i) Ensuring that where partnership working is involved there is clarity about the legal status of any partnership by involving the Legal Service in all discussions and negotiations; and
  - j) Ensuring that where partnership working is involved members and officers both understand and make clear to all partners the extent of their authority to bind the council to partner decisions, and that similar assurances are received from the representatives of the other partners.

5.0 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

5.1 Within this core principle, there are two supporting principles.

The council must ensure that members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.

This will be achieved by:

- a) Ensuring that the council's leadership sets a tone for the council by creating a climate of openness, support and respect;
- b) Continuing to develop and update formal codes of conduct defining the standards of personal behaviour to which individual members, employees and agents of the council are required to subscribe and also by establishing and maintaining appropriate systems and processes to ensure that they are communicated and complied with;
- c) Continuing to develop and update arrangements to ensure that members and employees are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and also by establishing and maintaining appropriate systems and processes to ensure that they are communicated and complied with;

The council must ensure that organisational values are put into practice and are effective.

This will be achieved by:

- a) Developing and maintaining shared values including leadership values for both the council and employees reflecting public expectations, and communicating these with members, employees, the community and partners;
- b) Putting in place arrangements to ensure that the council's policies and operations are designed in conformity with appropriate ethical standards (including those relating to equality and diversity), and to monitor their continuing compliance in practice;
- c) Continuing to develop and maintain an effective standards committee;
- d) Using 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;
- e) When pursuing a vision of a partnership, agreeing a set of values against which decision-making and actions can be judged, and ensuring that such values are demonstrated by the partner's behaviour both individually and collectively.

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

6.1 Within this core principle, there are four supporting principles.

The council must be rigorous and transparent about how decisions are taken and listen and act on the outcome of continuous scrutiny.

This will be achieved by:

- a) Continuing to develop and maintain effective scrutiny functions, ensuring it encourages constructive challenge and enhances the council's performance overall together with any other organisation for which the council is responsible;
- b) Continuing to develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based;
- c) Maintaining arrangements to safeguard members and employees against conflicts of interest and maintaining processes to ensure that they continue to operate in practice;

- d) Continuing to develop and maintain an effective audit committee which is independent of the executive and scrutiny functions; and
- e) Ensuring that effective, transparent and accessible arrangements remain in place for dealing with complaints.

The council must have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.

This will be achieved by:

- a) Ensuring that those making decisions, whether for the council or a partnership, are provided with information that is both accurate and fit for purpose i.e. is relevant, timely and gives clear explanations of technical issues and their implications; and
- b) Ensuring that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision-making, and is used appropriately.

The council must ensure that an effective risk management system is in place.

This will be achieved by:

- a) Ensuring that risk management is embedded into the culture of the council, with members and employees at all levels recognising that risk management is part of their jobs; and
- b) Ensuring that effective arrangements for whistle-blowing remain in place to which employees, contractors, partners, the public and other stakeholders have easy access to.

The council must use its legal powers to the full benefit of the citizens and communities in their area.

This will be achieved by:

- a) Actively recognising the limits of lawful activity placed upon the council by e.g. the ultra vires doctrine, but also by striving to utilise legal powers to the full benefit of local communities;
- b) Recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on the council by public law; and
- c) Observing all specific legislation requirements placed upon the council, as well as the requirements of general

law, and in particular by integrating the key principles of good administrative law – rationality, legality and natural justice – into the councils procedures and decision making processes.

7.0 Developing the capacity and capability of members and employees to be effective.

7.1 Within this core principle, there are three supporting principles.

The council must make sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.

This will be achieved by:

- a) Continuing to provide induction programmes and personal development plans tailored to individual needs and agreed key result areas, and opportunities for members and employees to update their knowledge on a regular basis; and
- b) Ensuring 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.

The council must develop the capability of people with governance responsibilities and evaluate their performance as individuals and as a group.

This will be achieved by:

- a) Initially assessing the skills required by members and employees and making a commitment to develop those skills to enable roles to be carried out effectively;
- b) Developing skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed; and
- c) Ensuring effective arrangements continue to be 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.

The council must encourage new talent for membership of the council so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

This will be achieved by:

- a) Ensuring 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 authority; and
- b) Ensuring that career structures are in place for members and employees to encourage participation and development.

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

8.1 Within this core principle, there are three supporting principles.

The council must exercise leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develop constructive accountability relationships.

This will be achieved by:

- a) Making clear to itself, all employees and the community exactly who the council is accountable to, and for what;
- b) Considering those institutional stakeholders to whom the council is accountable and assessing the effectiveness of the relationships and any changes required;
- c) Developing annual scrutiny work programmes that respond to identified community concerns and priorities and seek constructive input from residents and relevant stakeholders; and
- d) Producing an annual report on the activity of the scrutiny function.

The council must take 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.

This will be achieved by:

- a) Ensuring, within the council's communication strategy, that clear channels of communication are in place with all sections of the community and other stakeholders, and by putting in place monitoring arrangements to ensure that these operate effectively;
- b) Holding meetings in public unless there are good reasons for confidentiality;
- c) Ensuring that arrangements are in place to enable the council to engage with all sections of the community effectively. These arrangements will recognise that



- different sections of the community have different priorities and will establish explicit processes for dealing with these competing demands;
- d) Establishing a clear policy on the types of issues the council will meaningfully consult on or engage with the public and service users including a feedback mechanism to those consultees so as to demonstrate what has changed as a result;
  - e) Ensuring that the council as a whole is open and accessible to the community, service users and its employees and ensuring that it has made a commitment to openness and transparency in all its dealings, including partnerships and in all communications, subject only to the need to preserve confidentiality where it is proper and appropriate to do so.

The council must make best use of human resources by taking an active and planned approach to meet its responsibilities to its employees.

This will be achieved by:

- a) Developing and maintaining a clear policy on how employees and their representatives are consulted and involved in decision making.

#### 9.0 Link to the Annual Governance Statement

- 9.1 Every year the Council will produce and publish an Annual Governance Statement which will refer to this Code explicitly. Any Code requirements which are not being met will be set out in that Statement together with a commentary as to how and when the requirement will be achieved.

#### 10.0 Update and revisions to the Local Code of Corporate Governance

- 10.1 This code will be reviewed on an annual basis and updated as required, or more frequently if necessary, as part of the ongoing review of internal control arrangements and governance requirements generally.
- 10.2 If you have any comments or questions on the Local Code, please contact John Atkinson, Head of Legal & Democratic Services:

Central Bedfordshire Council  
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Version 2 110316

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**CENTRAL BEDFORDSHIRE COUNCIL**

**ANNUAL GOVERNANCE STATEMENT 2010/11**

**1.0 SCOPE OF RESPONSIBILITY**

Central Bedfordshire Council is responsible for ensuring that its 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.

Central Bedfordshire also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Central Bedfordshire, is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Central Bedfordshire Council has adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of this code is on our website [www.centralbedfordshire.gov.uk](http://www.centralbedfordshire.gov.uk) and can be obtained from:-

Central Bedfordshire Council,  
Legal and Democratic Services,  
Priory House,  
Monks Way,  
Chicksands,  
Shefford,  
Bedfordshire SG17 5TQ

This statement should be read in conjunction with the Code of Corporate Governance. It explains how Central Bedfordshire Council has complied with the Code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 on the publication of a statement of internal control.

**2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

The governance framework is made up of the systems, processes, culture and values by which the authority directs and controls its activities and through which it accounts to, engages with and leads the community. The governance framework enables the authority to monitor the achievement of its strategic

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priorities and to consider whether those priorities have led to the delivery of appropriate, cost effective services. The governance framework is described in the Code of Corporate Governance.

The system of internal control is a significant part of the corporate framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurances of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievements of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Central Bedfordshire Council for the current financial year.

**3.0 THE GOVERNANCE FRAMEWORK**

This section of the Annual Governance Statement describes the key elements of the systems and processes that make up the authority's governance arrangements:

**3.1 Central Bedfordshire Council's Vision**

The Council has committed itself to the vision for Central Bedfordshire that has been developed and adopted by the Local Strategic Partnership as part of the Sustainable Communities Strategy. This vision is to realise the area's economic potential to be globally connected, delivering sustainable growth and ensuring a green, prosperous and ambitious place for the benefits of all.

Beneath this vision, the Council has five priorities set for the period 2009-11:

- Supporting and caring for an ageing population
- Educating, protecting and providing opportunities for children and young people
- Managing growth effectively
- Creating safer communities
- Promoting healthier lifestyles.

Our extensive MORI survey work with the public in 2009 reinforced the Council's stated priorities.

Directorate and the Children and Young People's Plans are in place to drive delivery of the Council's key work programmes.

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The Council has also committed to a set of organisational values that describe the type of organisation we want to be and the principles that will guide us in achieving our priorities and vision. These set out the way the council will work and interact with its customers, members and staff.

The Council's values are:

Respect and Empowerment – we will treat people as individuals who matter to us  
Stewardship and Efficiencies – we will make the best use of the resources available to us

Results Focused – we will focus on the outcomes that make a difference to people's lives, and

Collaborative – we will work closely with our colleagues, partners and customers to deliver on these outcomes.

### **3.2 Service Quality**

We have used regular performance reporting to ensure a sustained focus on those things that matter most to local people; our key priorities are set out in our Strategic Plan. We have a focussed and disciplined approach to producing, reviewing and acting on this critical performance information and it has resulted in significant success in both delivering short and medium term priorities and in the continuing improvement in performance of our services.

At a strategic level, the Corporate Management Team (CMT) receives a quarterly report setting out the overall performance of the Council. This comprises the key directorate and corporate health performance indicators. This report is then presented to the Executive with any specific issues addressed through Overview & Scrutiny. Supporting this strategic approach, each month Directorate Management Teams receive a report setting out the key performance of the directorate, with associated commentary provided by the Assistant Directors.

Central Bedfordshire Council wants to ensure that it provides services which address the needs of all members of the community and employs a workforce that at all levels is representative of the community it serves.

The Council conducts equality analysis by means of Equality Impact Assessments as strategies, policies and services are developed to:

- Consider issues relating to age, disability, sex, pregnancy and maternity, gender reassignment, marriage and civil partnerships, race, religion and belief and sexual orientation;
- Obtain a clearer understanding of how different groups may be affected;
- Identify changes which may need to be built into an initiative as it is developed;
- Comply with legislative requirements;
- Identify good practice.

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### 3.3 Key roles and responsibilities

The Council's Constitution sets out how the Council operates. It indicates clearly what matters are reserved for decision by the full Council itself, those powers which have been delegated to committees and officers. The powers of the Executive and those delegated to individual portfolio holders are also defined. The Council has adopted an innovative approach to the design of its Constitution with separate chapters covering each of the main areas of operation (i.e. Council, Executive, Overview and Scrutiny, Officers, Joint Arrangements, Ethics and Standards etc). The Constitution is reviewed regularly.

All Councillors meet together as the full Council. Here Councillors decide the budget and policy framework, appoint the Leader and committees. It is the forum for major debates and consideration of matters of interest to the whole community of Central Bedfordshire as well as holding the Executive and committees to account.

The Executive is responsible for the key decisions of the Council. The Executive has to make decisions which are in line with the budget and policy framework. The Leader appoints the Executive and determines which portfolios Executive members will hold. The Leader is also able to delegate Executive functions to an individual portfolio holder, a committee of the Executive or an officer. Procedures are in place to record and document any such decisions taken by the Leader. Where major decisions (known as "key decisions") are to be discussed, these are published in the Executive's forward plan, in so far as they can be anticipated.

The Council has established four overview and scrutiny committees which are aligned to the organisational structure. These committees support the work of the Executive and Council as a whole. They submit reports which advise the Executive on policy development, budget and service delivery. Overview and scrutiny committees also monitor and scrutinise the decisions of the Executive, including power to "call-in" a decision which has been made by the Executive but has yet to be implemented. Overview and scrutiny committees allow citizens to have a greater say in Council matters by holding inquiries into matters of local concern. The overview and scrutiny committees have played a significant role in policy development.

The key policies of the Council are defined in the "Policy Framework" which is set out in the Budget and Policy Framework Procedure Rules within the Constitution. The Council, via the Constitution Advisory Group, reviews the Policy Framework annually to ensure that it is fit for purpose and contains the most strategically important plans and those closely aligned to its corporate priorities.

The Constitution describes the role of the statutory officers (the Head of Paid Service, the Monitoring Officer and Chief Finance Officer) as well as describing in

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the Scheme of Delegation those statutory duties for which officers are responsible. It also includes a Member/Officer protocol which sets out a framework to guide officers and members in their joint working. Role definitions covering the responsibilities and accountabilities of key member offices (e.g. Leader, Portfolio holder, Overview and Scrutiny Chairman, Chairman of the Council) have also been developed to assist in understanding their respective roles and expectations.

The governance arrangements for the Chief Finance Officer are set out in the CIPFA statement on the Role of the Chief Finance Officer in Local Government (2010) and are as follows:

The Chief Finance Officer in a public service organisation:

- (a) is a key member of the strategic management of the Council, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- (b) must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- (c) must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Finance Officer

- (1) must lead and direct a finance function that is resourced to be fit for purpose; and
- (2) must be professionally qualified and suitably experienced.

The Assistant Director Financial Services is designated as the Council's Chief Finance Officer. The post holder is not a full member of the Council's Corporate Management Team (CMT) but he/she has access to the agenda, reports and minutes of CMT and attends CMT meetings.

The powers of officers are clearly defined in the Scheme of Delegation to Officers and the Scheme also sets out the circumstances in which delegations are not to be exercised and principles which should be taken into account by decision takers in taking decisions. High level Codes of Financial and Procurement Governance set out the constraints within which officers may work and these Codes are supported by more detailed procedure rules.

Internal systems are in place with the aim of ensuring that Members are presented with the appropriate information to make decisions, including

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corporate implications including advice on legal, risk and financial considerations. Member level decisions are made on the basis of reports and are recorded.

**3.4 Codes of conduct and standards of behaviour Officers and Members**

Central Bedfordshire Council has embedded a standards regime within which it operates. The Standards Committee for Central Bedfordshire Council consists of 15 Members, 5 of whom are Independent, 5 from Town and Parish Councils and 5 elected Members. There is a comprehensive system to deal with local determinations of alleged breaches of the Members' Code of Conduct via Sub-Committees, which assess, review and determine complaints. All are chaired by Independent Members. In 2010/11 the Council received a total of complaints alleging breaches of the Code of Conduct. Of these, concerned members of Central Bedfordshire Council and related to members of Town and Parish Councils.

The Code of Conduct for Members is contained within the Constitution, together with a Code of Conduct for Officers, a Protocol for Members/Officer Relations, a Monitoring Officer Protocol and a Protocol of ICT at Home. Additionally there is an Ethical Handbook for Central Bedfordshire Council which contains further codes relating to Gifts and Hospitality, Planning Code of Good Practice, Licensing Code of Good Practice, Confidential Reporting Code (Whistleblowing) and Members' Guidance on Property and Transactions and Commercial Property Management together with details of the indemnity that the Council has provided for Members and Officers of the Council.

Ethical standards have been embedded within the Authority by way of comprehensive training and development to Members. We have also provided training to Members of Town and Parish Councils. The Standards Committee believes that "standards matter" and has adopted this slogan to raise its profile. The Council's magazine circulated to all households has included an article by the Chair of the Standards Committee. A web page is allocated to standard matters.

The Chief Executive and the Leader of the Council meet with the Chair of Standards Committee to ensure the profile of standards remains high on the agenda.

The Council's Head of Legal & Democratic Services has been appointed to the position of Monitoring Officer and has direct access to the Council's Corporate Management Team.

During 2011/12 the arrangements described above will require review to reflect the changes that are likely to be enacted in the Localism Bill. The Bill proposes the abolition of Standards for England and the current Standards Framework in favour of greater local discretion.



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### 3.5 Decisions, processes and controls

The Council keeps the Constitution under review.

A Constitution Advisory Group supported by the Monitoring Officer meets on a bi-monthly basis and has an annual work programme. As well as reactive work, the Group's terms of reference provide for a proactive approach, with the Group being tasked to investigate options for increasing efficiency, transparency of decision taking and public engagement. Any recommendations for amendments to the Constitution are submitted to full Council.

Amendments to the Constitution are circulated on a quarterly basis. The Constitution is available on the Council's website which is also updated at the same time as the hard copy of the document is re-issued.

Training on the Constitution has been provided to Members and Officers and a "Frequently Asked Questions" document with links to the relevant part of the Constitution has been developed and has been published on the Council's website.

The Scheme of Delegation to Officers sets out the powers which are delegated to the Chief Executive and Directors, as well as setting out the general principles governing the circumstances in which decisions may not be taken under delegation and considerations to be taken into account by a decision taker when making a decision. Procedures are in place to enable Directors to sub-delegate to other officers and to notify the Monitoring Officer of any such arrangements made.

The Code of Financial Governance sets out the limits within which officers may make decisions on spending, within the budget approved by the Council. The Code is supported by detailed procedure rules which are maintained on the Council's intranet.

The Code of Procurement Governance defines the procurement process and the relevant levels of authority dependant upon financial thresholds. The Code is supported by detailed procedure rules which are maintained on the Council's intranet. The rules are promoted to staff through bespoke training courses which are booked through HR Learning & Development. They are also embedded in a Procurement Tool Kit which is made available to all members of staff who are involved in procurement. A two page pictorial summary of the rules is also made available on laminates of A3, A4 and credit card size as aides memoires

The responsibility for risk management has transferred to the Office of the Chief Executive and the Council's Risk Management Strategy and Strategic Risk register have recently been reviewed and refreshed. CMT have endorsed the

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updated Risk Management Strategy, and agreed that they will receive regular risk reports in line with the quarterly performance reporting cycle.

Committee reports require officers to set out the risk management considerations in terms of current and potential risks and how they will be managed and mitigated.

**3.6 Functions of the Audit Committee**

The terms of reference of the Audit Committee are set out in the Council's Constitution, and are broadly in accordance with the CIPFA guidance document. The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

**3.7 Compliance with relevant laws and regulations**

The Council maintains an in-house team of professional legal staff with specialist knowledge of its functions who advise on relevant laws, regulations and constitutional issues to ensure that the Council acts lawfully. The Legal Services Team inherited the Lexcel accreditation, a quality standard designed specifically for public and private sector legal practices, which was awarded to the County Council's Legal Services Team in January 2007. The Central Bedfordshire Legal Team was assessed in May 2010 and achieved Lexcel accreditation in its own right. This accreditation applies for three years with annual maintenance visits. Compliance with the Lexcel standard provides assurance that the in-house service provides a service in accordance best practice. There is a strong focus on continuous professional development to ensure that staff are well-trained and have up-to-date knowledge of all the relevant specialist areas of law that govern the Council's activities.

All reports that are considered by the Executive, the Council's regulatory committees and by Overview and Scrutiny Committees include advice on the legal implications and risks of the proposed decisions. These reports are reviewed by a senior legal adviser to ensure that the legal implications have been accurately reflected.

A senior lawyer attends meetings of the Council, the Executive and regulatory committees to advise on legal issues as they arise.

The Council has established a Constitution Advisory Group which meets regularly to review the workings of the Constitution and to recommend to the Council any changes that may be required.

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**3.8 Whistle-blowing and complaints**

The Council introduced a whistle blowing policy known as the Confidential Reporting Code in the Ethical Handbook section of the Constitution. This was reviewed and updated by both the Standards and Audit Committees in July 2009.

Along side this an Anti Fraud and Corruption Strategy was also approved by both committees and is now included in the Ethical Handbook of the Constitution.

The Council welcomes feedback on its services and has a three stage complaints procedure for customers. There are timescales for remedying complaints. If more time is needed the complainant will be informed.

The Three Stages of the Complaints Procedure:

Stage 1 Complaints – local resolution by a manager of the service. A response is required to be made within five working days.

Stage 2 Complaints – senior service level investigation. A response is required to be made within 15 working days.

Stage 3 Complaints – investigation by someone outside of the service area complained about. A report is to be produced within 15 working days. The service Director responds to the findings in the report.

There are separate procedures for Children's Services and Adult Social Care where complaints procedures are governed by Regulations.

**3.9 Development and training for Officers and Members**

The organisation has adopted a set of values. The performance management process will also be used to embed the values and to identify the training and development priorities for staff. This in turn will trigger a programme of development. Our top three tiers of senior managers meet regularly as a senior management group, and engage in development activity.

Comprehensive Member induction took place in 2009/10 after the local elections, including specific work with our new Members. This was considered to be critical to the development of organisational capacity given the embryonic nature of the new unitary authority.

All 66 Councillors have undertaken a personal development review to identify their development needs. The outcomes of this exercise have enabled an informed approach to be taken to formulation of the Member Development Programme for 2010/11.

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A group of Member Development Champions has been established to take forward the Council's commitment to learning and development amongst its Councillors. As a new Council, Central Bedfordshire has had an unrivalled opportunity to ensure that, from the outset, best practice becomes embedded in our ways of working. Officers and Members together are endeavouring to ensure that the procedures put in place will meet the criteria required to achieve Charter on Elected Member Development status.

Recently, the Member Development Programme has been reviewed and a Members' Induction Programme has been agreed for implementation after the Council election in May 2011.

**3.10 Channels of communication**

Central Bedfordshire Council has developed a Corporate Communication Strategy with the aim of improving customer satisfaction through the delivery of planned, sustained and two way communications with the public, staff and other stakeholders.

Specifically, the strategy commits the Council to:

- a) raise awareness and understanding of the organisational purpose, vision, priorities and values
- b) develop and improve its channels of direct communication with customers and stakeholders
- c) prioritise core campaigns
- d) enhance internal communications to facilitate change and increase staff engagement
- e) enhance media relations to enable accurate reporting of the decision making and service developments of the council
- f) support effective relationships with national and regional stakeholders.

Core channels for public communication include our community magazine, News Central, which is delivered to all households on a regular basis. The magazine regularly includes information about all access routes to the Council, by phone, on line or face to face.

The magazine also includes features on policy and service developments, promotes consultations and invites feedback from customers. Copies of the magazine are available in alternative formats and it is published on line.

The Council's website is an alternative channel to provide news and information to residents and other stakeholders. In order to strengthen our ability to engage with all elements of our community and particularly with younger people, the Council has developed a presence online to embrace social media through sites such as Wordpress, Facebook and Twitter.

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Proactive media relations services also ensure that Council decision making and service developments are effectively reported to the media, which continues to be a key communication channel to the public.

Staff communication mechanisms combine a series of face to face, on line and written media. These include regular staff briefings, a weekly electronic bulletin, a monthly management team cascade, blogs and updated news on the intranet.

Stakeholder communications channels comprise a stakeholder ezine, regular face to face fora and the publication of information on the Central Bedfordshire Together website, a bespoke site for the Local Strategic Partnership.

**3.11 Partnership governance**

The Council's Constitution includes a detailed Partnerships Protocol that sets out the arrangements and principles for established and future Public and Private Sector Partnerships. These are defined as:

Public Sector Strategic Partnerships: one or more public bodies, including voluntary organisations and charities that determine strategies for service delivery, but which have little or no resource management responsibilities;

Public Sector Delivery Partnerships: one or more public bodies, including voluntary organisations and charities that commission or deliver services on behalf of the partners and which have significant resource management responsibilities; and Private Sector Partnerships: private companies, either in their own right or as part of a public sector partnership entering into a contract with the Council for a considerable period.

The Partnerships Protocol was developed in line with the Audit Commission's report on partnership governance and includes the following statement:

*"All partnership arrangements entered into by the authority will follow the Audit Commission's guidelines on partnership governance outlined in the Governing Partnerships: Bridging the Accountability Gap (October 2005) document, the recommendations of which are to:"*

The Partnerships Protocol then sets out all of the key requirements to ensure accountability (internally amongst partners and externally to communities), value for money, leadership, decision-making, scrutiny and risk management.

All partnerships are required to have detailed terms of reference that fully set out all of the arrangements and key partnerships, such as the Local Strategic Partnership, review these on an annual basis to ensure they are fit for purpose and aligned to the Partnership's future work programme.

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#### 4.0 REVIEW OF EFFECTIVENESS

Central Bedfordshire Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates:

The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular the Council has adopted the CIPFA/SOLACE framework, "Delivering Good Governance in Local Government" and continues to learn from experiences and makes necessary changes to improve its local code of governance. The Council's review process uses the Key Roles and Core Principles included in this guidance and this Statement sets out how the Council meets these roles and principles in its control and governance arrangements.

The Council's review of the effectiveness of the system of internal control is informed by:

- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny reports;
- the work undertaken by Internal Audit during the year;
- the work undertaken by the external auditor reported in their annual audit and inspection letter;
- other work undertaken by independent inspection bodies.

The arrangements for the provision of internal audit are contained within the Council's Code of Financial Governance which is included within the Constitution. The Director of Customer and Shared Services is responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting and other systems of internal control, as required by the Accounts and Audit Regulations (amendments) 2006. The internal audit provision is managed, independently, by the Head of Audit who reports to the Assistant Director – Financial Services on an administrative basis, and operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.

The Internal Audit plan is prioritised by a combination of the key internal controls, assessment and review on the basis of risk and the Council's corporate governance arrangements, including risk management. The resulting work plan is discussed and agreed with the Directors and the Audit Committee and shared with the Council's external auditor. Regular meetings between the internal and external auditor ensure that duplication of effort is avoided. All Internal Audit

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reports include an assessment of the adequacy of internal control and prioritised action plans to address any identified weaknesses. These are submitted to Members, Directors and Head Teachers as appropriate.

The internal audit function is monitored and reviewed regularly by the Audit Committee. The Committee also reviews progress in implementing high risk recommendations made in audit reports.

A self assessment review is undertaken annually by the Head of Internal Audit on the effectiveness of the Internal Audit function in addition to a similar exercise carried out by the Audit Commission during 2009/10. No issues of concern were raised as a result of this work by either review.

The Council has established Overview and Scrutiny Committees which receive reports on key issues including budget monitoring, performance and efficiency information.

The Council Plan and performance is monitored on a quarterly basis both by the Executive and Overview and Scrutiny Committees. Directorate and service plans contain a variety of performance indicators and targets that are regularly reviewed.

The Council has established a number of mechanisms to review and develop its efficiency targets. These include the 'Every Penny Counts' campaign, an Efficiency Implementation Group chaired by the Director of Children Services and Deputy Chief Executive as well as a review of the Senior Management structure in the organisation.

The Council's Standards Committee meets regularly and is updated on National and Local issues. Training Sessions were held for all Members on the Revised Code of Member Conduct.

The Council supports an Equality Forum (Central Bedfordshire Equality Forum) of voluntary sector representatives which acts as an advisory and consultative body to the Council on statutory service delivery and employment duties and issues relating to age, disability, gender, gender re-assignment, race, religion or belief and sexual orientation as they relate to Central Bedfordshire. The Core Functions of the Forum is:

- To provide a mechanism for consultation and liaison with community groups and other voluntary sector agencies.
- To advise on the overall development and implementation of the Council's Single Equality Scheme.

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- To provide advice and feedback on the impact of new policies and <sup>1</sup>functions.
- To consider and quality assure Equality Impact Assessments undertaken by the Council, or in conjunction with partners, relating to strategy, policy and service development. Recommendations will be fed back to the Equality Officers Working Group and relevant services.
- To raise awareness within the Council of the potential barriers to inclusion and equality of opportunity experienced by vulnerable and disadvantaged groups.

The Equality Forum meets four times a year and quality assures all the significant Council Strategies and Policies and the accompanying equality impact assessments. The Forum has already reviewed a number of key initiatives spanning all parts of the Council including that of the budget setting process. Extracts from impact assessments and minutes can be provided if required.

An Information Governance Steering Group is in place and is chaired by the Statutory Information Reporting Officer (SIRO) to improve and promote information governance.

## **5.0 SIGNIFICANT GOVERNANCE ISSUES**

Due to the short timescales and complexity surrounding the implementation of the new unitary authority, there was always an acceptance that some significant governance issues could arise as the Council completed its first year. As a result the following issues have been raised as a concern:

### **5.1 Adult Social Care performance**

At a very early stage, there was concern that the performance of the Adult Social Care service was very poor and needed urgent attention. As a result a recovery board was created, chaired by the Chief Executive, that has led, completed and introduced improvement plans for eleven service areas as part of phase one of the an overall recovery programme. The phase two programme in 2010/11 is targeting four areas for improvement. The Council still recognises this as a risk, and oversight by the recovery board continues.

### **5.2 School Improvement**

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<sup>1</sup> *Forum members will provide initial advice and feedback, where members feel that they cannot provide an informed analysis of the ways in which a strategy, service or policy proposal will impact on a certain group then secondary consultation will be required. This will be undertaken in accordance with the Council's Engagement and Consultation Strategies.*



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The Council has recognised that this is an area where there is under performance and as a means to raise the results at all key stages, has approved a vision which should set firm foundations for higher achievement in our school trusts, federations and partnerships.

**5.3 Safeguarding Children**

The Council recognises that there is a risk that a failure to improve service provision within Children's Services or a failure to implement new child protection procedures, and update guidance and share good practice could lead to death of vulnerable children, reputational damage and/or failure to identify children at risk of significant harm. There is a Children's Workforce Development Plan in place to achieve a significantly qualified workforce in the areas where staff are working with the most vulnerable children, and a clear communications strategy for managing high publicity cases within the media.

**5.4 ICT Resilience**

The merging of any ICT system or infrastructure is always a potentially risky operation. Having to merge the three different ICT infrastructures and departments into one was highly complex operation and the first phase of which was carried out under extremely short timescales. During this process we have taken steps to ensure good ICT governance and improve the resilience of our infrastructure and systems. The main objective of the resilience programme is to reduce the number of networks from four to one and good progress has been made on this during the last year. There was a severe outage of our ICT systems last year. Our business continuity arrangements were actioned and this was a good learning experience for the Council and has further strengthened our resilience arrangements.

**5.5 Medium Term Financial Strategy**

The Council's financial health is critical to its future progress. In 2010/11 the Council identified a target of over £12M in efficiency savings. The Medium Term Strategy for 2011/12 to 2014/15 identifies a further £21M of efficiencies and service reductions which must be achieved to secure a breakeven position.

**5.6 Results of the Internal Audit Managed Audits**

There remain concerns within the Payroll systems resulting in a limited assurance opinion. Controls in this area need to be strengthened. A comprehensive review of the payroll function is being carried out and the outcome and recommendations from that review will be reported to the Customer and Central Services Overview and Scrutiny Committee.

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Progress has been made during the year to address the control weaknesses identified during 2009/10 in respect of the managed audit of the key financial systems. However, further work is required to ensure timely reconciliations of feeder systems, suspense, control and bank accounts within the key financial systems during the year. Work to address these short comings has been undertaken in time to prepare the 2010/11 Annual Statement of Accounts.

There are also a number of concerns surrounding ICT access and security, including Disaster Recovery. Recommendations have been made to address these and where these are regarded as high risk they will continue to be monitored by the Audit Committee during 2011/12.

Internal audit work has been undertaken on the Shared services arrangements with Bedford Borough Council and recommendations made to improve the governance arrangements.

**5.7 Capacity and Capability to Deliver under Financial Pressure**

In order to address concerns raised about the capacity and capability of Customer & Shared Services, a similar improvement board approach to that implemented in Adult Social Care has been established for a number of work streams within the Directorate.

The Recovery Board oversees the delivery of the Programme and meets every six weeks to review progress. The Recovery Board is comprised of Corporate Management Team and is chaired by the Chief Executive. Additionally a Member Reference Group also reviews progress. This is comprised of the Deputy Leader, Portfolio Holder for Finance, People & Governance, Portfolio Holder for Customers, Systems & Assets and chaired by the Leader of the Council.

The Recovery Programme supports improvement across the core service areas of ICT, Human Resources, Finance (including Revenues & Benefits), Asset Management and Procurement. This will be achieved by:

- Delivering stable service solutions that are fit for purpose and that will enable Frontline Directorates to improve and develop their services, and indeed drive out the necessary efficiencies to balance their increasingly pressurised budgets.
- Addressing the issues identified by recent perception surveys and feedback from front line services.
- Providing a process to accelerate, prioritise and focus capacity on the critical recovery activities required to achieve the objectives above.

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**6.0 CONCLUSION**

This statement has been produced as a result of a review of the effectiveness of the governance framework in place during 2010/11.

The Council proposes to take steps over the coming year to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**P TURNER MBE  
LEADER OF THE COUNCIL**

**R CARR  
CHIEF EXECUTIVE**

**Dated**

**Dated**

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