

# CODE OF CORPORATE GOVERNANCE



## INTRODUCTION

Corporate governance comprises the systems, processes, values and cultures by which councils are directed and controlled and through which they are accountable to and engage with and, where appropriate, lead their communities.

To demonstrate compliance with the principles of good corporate governance, Southampton City Council must ensure that it does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

Good governance is crucial as it leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. Further, good governance enables an authority to pursue its aims effectively whilst controlling and managing risk.

## GOOD CORPORATE GOVERNANCE

Southampton City Council has a robust Constitution and associated governance documents and arrangements in place. Together, they demonstrate that the Council is committed to ensuring that a robust governance framework is in place and one that reflects the core principles of good corporate governance identified in the CIPFA / SOLACE framework '*Delivering Good Governance in Local Government*'. This Code of Corporate Governance is based on this framework and reflects 7 core principles:

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

The purpose of this Code of Corporate Governance is to provide a simple document with, where appropriate, hyperlinks (where the text is underlined) to key documents relating to governance which are available free of charge on the Council's website.

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

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub Principles	Evidenced by
<ul style="list-style-type: none"> <li>• Behaving with integrity</li> <li>• Demonstrating strong commitment to ethical values</li> <li>• Respecting the rule of law</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Council Constitution</u> - (Part 3) Governance Committee Terms of Reference</li> <li>• <u>Council Constitution</u> (Part 4) – Financial Procedure Rules</li> <li>• <u>Council Constitution</u> (Part 4) – Contract Procedure Rules</li> <li>• <u>Council Constitution</u> (Part 4) – Overview and Scrutiny Procedure Rules</li> <li>• <u>Council Constitution</u> (Part 4) – Executive Procedure Rules</li> <li>• <u>Council Constitution</u> - (Part 5) – Monitoring Officer Protocol</li> <li>• <u>Council Constitution</u> (Part 5) - Members' Code of Conduct including Register of Interests</li> <li>• <u>Council Constitution</u> (Part 5) Officers Code of Conduct</li> <li>• <u>Council Constitution</u> (Part 5) – Officer Member Protocol</li> <li>• <u>Council Constitution</u> (Part 10) – Officer Scheme of Delegation</li> <li>• <u>How decisions are made - information</u></li> <li>• <u>Whistleblowing - Duty to Act Policy</u></li> <li>• <u>Comments, complaints and compliments process</u></li> <li>• Officer Code of Conduct including register of Gifts and Hospitality</li> <li>• Regulation of Investigatory Powers Act 2000 Corporate Surveillance Guidance</li> <li>• <u>Anti-Fraud &amp; Anti-Corruption Policy</u></li> </ul>

**Core Principle B. Ensuring openness and comprehensive stakeholder engagement**

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub Principles	Evidenced by
<ul style="list-style-type: none"> <li>• Openness</li> <li>• Engaging comprehensively with institutional stakeholders</li> <li>• Engaging stakeholders effectively, including individual citizens and service users</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#"><u>Transparency and Publication of Data</u></a></li> <li>• <a href="#"><u>How decisions are made - information</u></a></li> <li>• <a href="#"><u>Council Performance data</u></a></li> <li>• <a href="#"><u>Budget Consultation Process</u></a></li> <li>• <a href="#"><u>'Have your say' - webpage (e-petitions, consultations and People's Panel)</u></a></li> <li>• <a href="#"><u>Comments, complaints and compliments process</u></a></li> <li>• <a href="#"><u>Freedom of Information and Publication Scheme</u></a></li> <li>• <a href="#"><u>Council Constitution (Part 4) – Overview and Scrutiny Procedure Rules</u></a></li> <li>• <a href="#"><u>Your Council's Commitments</u></a></li> <li>• <a href="#"><u>Southampton Speak Up – Children and Young Peoples Participation Strategy</u></a></li> <li>• <a href="#"><u>People's Panel</u></a></li> </ul>
<p><b>Core Principle C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p>	
<p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	
Sub Principles	Evidenced by
<ul style="list-style-type: none"> <li>• Defining outcomes</li> <li>• Sustainable economic, social and environmental benefits</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#"><u>Southampton City Strategy 2015-25</u></a></li> <li>• <a href="#"><u>Southampton City Council Strategy 2016-20</u></a></li> <li>• <a href="#"><u>Local Development Plan</u></a></li> <li>• <a href="#"><u>Housing Strategy</u></a></li> <li>• <a href="#"><u>Customer Strategy 2018-22</u></a></li> <li>• <a href="#"><u>Medium Term Financial Strategy</u></a></li> <li>• <a href="#"><u>Southampton City Council - Budget Book</u></a></li> <li>• <a href="#"><u>Statement of Accounts</u></a></li> <li>• <a href="#"><u>Local Transport Plan</u></a></li> <li>• <a href="#"><u>Clean Air Strategy 2016-2025</u></a></li> </ul>
<p><b>Core Principle D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p>	
<p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.</p>	

Sub Principles	Evidenced by
<ul style="list-style-type: none"> <li>• Determining interventions</li> <li>• Planning interventions</li> <li>• Optimising achievement of intended outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Council Constitution</u> (Part 2) – Decision Making</li> <li>• <u>Council Constitution</u> (Part 3) – Responsibility for Functions: Terms of Reference – Overview &amp; Scrutiny</li> <li>• <u>Council Constitution</u> (Part 4) – Overview Scrutiny Procedure Rules</li> <li>• <u>Council Performance data</u></li> <li>• Customer Strategy 2018-22</li> <li>• <u>Southampton City Strategy 2017-20</u></li> <li>• <u>Southampton City Council Strategy 2016-20</u></li> <li>• <u>Southampton City Council Strategy Targets</u></li> <li>• <u>Council Constitution</u> (Part 5) Partnership Code</li> <li>• <u>Joint Strategic Needs Assessment</u></li> <li>• <u>Community Safety Strategic Needs Assessment</u></li> </ul>
<p><b>Core Principle E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b></p>	
<p>Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	
Sub Principles	Evidenced by
<ul style="list-style-type: none"> <li>• Developing the entity’s capacity</li> <li>• Developing the capability of the entity’s leadership and other individuals</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Workforce Development Strategy</u></li> <li>• Equality Policy and Action Plan</li> <li>• Member User Group</li> <li>• Councillor Personal Development Plan</li> <li>• Manager Toolkit</li> <li>• Learning &amp; Development training</li> <li>• Performance Management Contracts</li> <li>• Probation and appointment support policy</li> <li>• Induction Checklist</li> </ul>

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

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub Principles	Evidenced by
<ul style="list-style-type: none"> <li>• Managing risk</li> <li>• Managing performance</li> <li>• Robust internal control</li> <li>• Managing data</li> <li>• Strong public financial management</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Strategic Risk Register</li> <li>• <u>Council Constitution</u> - (Part 3) Governance Committee Terms of Reference</li> <li>• <u>Local Flood Risk Management Strategy</u></li> <li>• <a href="#">Annual Audit Letter</a></li> <li>• Internal Audit Charter</li> <li>• Annual Internal Audit Plan</li> <li>• Information Governance &amp; Risk Policy</li> <li>• <u>Data Protection Policy</u></li> <li>• <u>Council Constitution</u> (Part 4) – Financial Procedure Rules</li> <li>• <u>Council Constitution</u> (Part 4) – Budget Policy Framework Procedure Rules</li> <li>• <u>Council Constitution</u> (Part 4) – Contract Procedure Rules</li> <li>• <u>Council Constitution</u> (Part 4) – Overview and Scrutiny Procedure Rules</li> <li>• <u>Medium Term Financial Strategy</u></li> <li>• Annual Governance Statement (Part of the Statement of Accounts)</li> </ul>

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

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub Principles	Evidenced by
<ul style="list-style-type: none"> <li>• Implementing good practice in transparency</li> <li>• Implementing good practices in reporting</li> <li>• Assurance and effective Accountability</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Transparency and Publication of Data</u></li> <li>• <u>'Have your say' - webpage (e-petitions, consultations and People's Panel)</u></li> <li>• Budget Consultation Process</li> <li>• <u>Council Performance data</u></li> <li>• Customer Strategy 2018-22</li> <li>• <u>Annual Audit Letter</u></li> <li>• Internal Audit Charter</li> <li>• Annual Internal Audit Plan</li> <li>• <u>Council Constitution</u> (Part 4) – Overview and Scrutiny Procedure Rules</li> </ul>

**MONITORING AND REVIEW**

The Council will monitor the arrangements set out in this Code of Corporate Governance for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date.

Each year the Council will publish an Annual Governance Statement which will explain and assess how the Council has complied with this Code of Corporate Governance and provide details of how continual improvement in the system of internal control will be achieved.

The Governance Committee has responsibility at Member level and the Monitoring Officer has responsibility at officer level for reviewing the corporate governance arrangements set out in this Code of Corporate Governance. Further, the Governance Committee generally considers all processes for risk, control and governance and provides independent, effective assurance about the adequacy of the Council's governance environment and is responsible for promoting and maintaining high standards of probity and conduct of Members and co-opted members.

**February 2018**