

LOCAL CODE OF CORPORATE GOVERNANCE



1.0 Introduction

1.1 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.

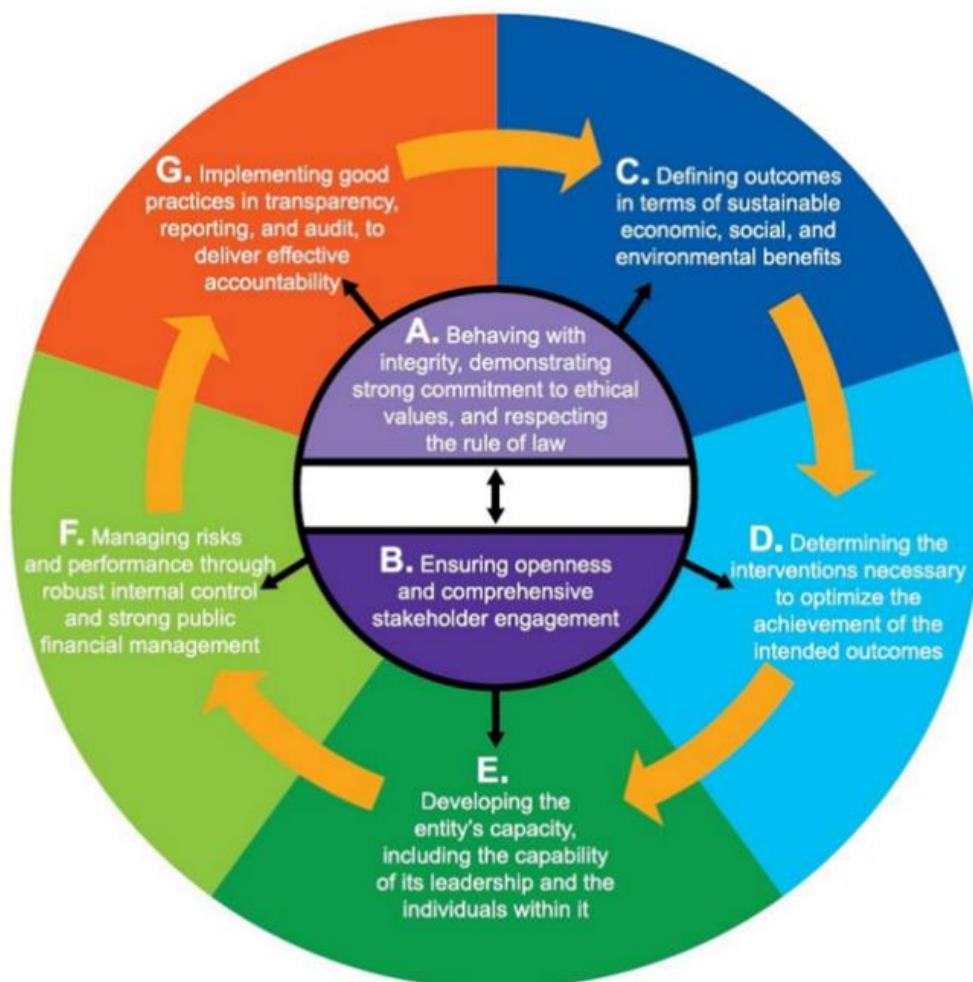
1.2 To demonstrate compliance with the principles of good corporate governance, Southampton City Council must ensure that it does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

1.3 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.

2.0 Local Code of Corporate Governance

2.1 Southampton City Council has a robust Constitution and associated governance documents and arrangements in place. This Local Code of Corporate Governance is based on Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016), which is a best practice framework for developing and maintaining a locally adopted code of governance.

2.2 The framework consists of seven core principles and is taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework'), illustrates how these principles of good governance in the public sector relate to each other.



2.3 The Council's ethical standards are also underpinned by the Standards in Public Life commonly known as the Nolan Principles:

Selflessness

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

Integrity

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

Objectivity

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

Accountability

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

Openness

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

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

3.0 Responsibilities for Corporate Governance

3.1 All councillors and officers have a responsibility for upholding the principles of good governance. It is a key responsibility for the Leader of the Council and the Chief Executive.

3.2 The Governance Committee has responsibility 'to lead on all aspects of Corporate Governance by promoting the values of putting people first, valuing public service and creating a norm of the highest standards of personal conduct' and 'to promote a culture of openness, ready accountability and probity in order to ensure the highest standards of conduct of Councillors and employees'.

3.3 The Director of Legal & Governance responsibilities include 'to take any action necessary or appropriate in relation to Corporate Governance, Standards, the Ethical Framework or any other related issue to Members, ethics, qualification and disqualification, and in this context, subject to any decisions of the Governance Committee, to take any consequential action arising from a breach of the Code of Conduct for Members / Employees, and any other related provisions or issues', 'to produce and revise Corporate Standards, Codes of Conduct, Special

Procedures and Protocols and any other appropriate documentation, whether associated with the Constitution or not for Officers, Members and third parties as appropriate' and 'to sign on behalf of the Council, Members' Declaration of Interest forms and to maintain any statutory or voluntary registers of Members' interests'.

3.4 Each year the Council will publish an Annual Governance Statement which will explain and assess how the Council has complied with this Local Code of Corporate Governance and provide details of how continual improvement in the system of internal control will be achieved. The Annual Governance Statement is produced following a review of the effectiveness of the Council's corporate governance arrangements, as outlined in this Code. Any significant governance weaknesses are highlighted, and an action plan produced to address these issues, and monitored by the Governance Committee.

4.0 How Southampton City Council meets the principles of Corporate Governance

4.1 The intention of this Local 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.

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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	This is evidenced by
<ul style="list-style-type: none"> • Behaving with integrity • Demonstrating strong commitment to ethical values • Respecting the rule of law 	<ul style="list-style-type: none"> • Officers Code of Conduct (<u>Council Constitution</u> -13 Part 5) • Officer Member Protocol (<u>Council Constitution</u> - 14 Part 5) • Officer Code of Conduct and including Register of Employee's Outside Interests, and Gifts and Hospitality Declaration Procedure • Members' Code of Conduct including Register of Interests (<u>Council Constitution</u> - 12 Part 5) • <u>Whistleblowing - Duty to Act Policy</u> • Corporate Surveillance Guidance - Regulation of Investigatory Powers Act 2000 • <u>Privacy policy</u> • <u>Anti Fraud, Bribery and Corruption Policy</u> • <u>Social value - Procurement process</u> • <u>Probity in Planning</u> • Governance Committee Terms of Reference (<u>Council Constitution</u> - 03 Part 3 Responsibility for Functions) • Financial Procedure Rules (<u>Council Constitution</u> - 09 Part 4) • Contract Procedure Rules (<u>Council Constitution</u> - 10 Part 4) • Overview and Scrutiny Procedure Rules (<u>Council Constitution</u> - 08 Part 4) • Executive Procedure Rules (<u>Council Constitution</u> - 07 Part 4) • Monitoring Officer Protocol (<u>Council Constitution</u> - 17 Part 5) • Officer Scheme of Delegation (<u>Council Constitution</u> - 23 Part 10) • Code for Dealing with Joint Arrangements with Third Parties (<u>Council Constitution</u> – 16 Part 5)

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	This is evidenced by
<ul style="list-style-type: none"> • Openness • Engaging comprehensively with institutional stakeholders • Engaging stakeholders effectively, including individual citizens and service users 	<ul style="list-style-type: none"> • <u>Transparency and Publication of Council Data</u> • <u>Scrutiny Committees and Panels</u> • Overview and Scrutiny Procedure Rules (<u>Council Constitution - 08 Part 4</u>) • <u>How decisions are made - information</u> • Budget Consultation Process • <u>'Have your say' - webpage (e-petitions, consultations, surveys and research, 'Have your say at meetings')</u> • <u>People's Panel</u> • <u>Comments and compliments process</u> • <u>How decisions are made - information</u> • <u>Freedom of Information and Publication Scheme</u> • Recording Officer Decisions (<u>Council Constitution - 24 Part 10</u>) • Petition Scheme (<u>Council Constitution - 25 Part 11</u>) • <u>Southampton's Children & Young People's Participation Strategic Plan 2022-27</u> • <u>Housing - Tenant Engagement</u> • <u>Customer access strategy 2022-2026</u>

Core Principle C

Defining outcomes in terms of sustainable economic, social, and environmental benefits

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.

Sub Principles	This is evidenced by
<ul style="list-style-type: none"> • Defining outcomes • Sustainable economic, social and environmental benefits 	<ul style="list-style-type: none"> • <u>Southampton City Strategy 2015-25</u> • <u>Southampton City Council Corporate Plan 2022/30</u> • <u>Southampton City Council Corporate Plan (update 2024)</u> • <u>Local Development Plan</u> • <u>Southampton City Council Housing Strategy 2016-2025</u> • <u>Customer Access Strategy 2022-2026</u> • <u>Green City Plan 2030</u> • <u>Southampton Economic & Green Growth Strategy 2022-30</u> • <u>Clean Air Strategy 2019-2025</u> • <u>Cycling Strategy 2017-2027</u> • <u>Medium Term Financial Strategy</u> • <u>Safe City Strategy 2022-27</u> • <u>Statement of Accounts</u> • <u>Southampton Transport Strategy 2040</u> • <u>Social value - Procurement process</u>

Core Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

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. Robust decision-making mechanisms are required to ensure that 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.

Sub Principles	This is evidenced by
<ul style="list-style-type: none"> • Determining interventions • Planning interventions • Optimising achievement of intended outcomes 	<ul style="list-style-type: none"> • Articles of Constitution (Decision Making) (Council Constitution - 02 Part 2) • How decisions are made - information • Responsibility for Functions (Terms of Reference - Overview & Scrutiny) (Council Constitution - 03 Part 3) • Overview Scrutiny Procedure Rules (Council Constitution 08 Part 4) • Customer Access Strategy 2022-2026 • Southampton City Council Corporate Plan 2022/30 • Southampton City Council Corporate Plan (update 2024) • Partnership Code (Council Constitution - 18 Part 5)

Core Principle E

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

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.

Sub Principles	Evidenced by
<ul style="list-style-type: none"> • Developing the entity's capacity • Developing the capability of the entity's leadership and other individuals 	<ul style="list-style-type: none"> • People Strategy ('Our People') • Leadership Programme • Staff Learning & Development training opportunities • Corporate Induction process and Welcome Pack • Probation assessment policy • Performance and Development Reviews • Member Induction and Development Programme

	<ul style="list-style-type: none"> • Equality policy • <u>Equal Opportunities and 'Disability Confident Employer'</u> • Southampton City Council Diversity and Inclusion Pledge • Apprenticeship Policy • Health and Wellbeing support and information
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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"> • Managing risk • Managing performance • Robust internal control • Managing data • Strong public financial management 	<ul style="list-style-type: none"> • Financial Procedure Rules (<u>Council Constitution</u> - 09 Part 4) • Budget Policy Framework Procedure Rules (<u>Council Constitution</u> - 06 Part 4) • Contract Procedure Rules (<u>Council Constitution</u> - 10 Part 4) • Overview and Scrutiny Procedure Rules (<u>Council Constitution</u> - 08 Part 4) • Risk Management Policy together with Corporate & Directorate Risk Registers • Decision Making report template – ‘Risk Management Implications’ paragraph • Internal Audit Charter and Annual Internal Audit Plan • Chief Internal Auditors Annual Opinion • Business Planning Framework • <u>Statement of Accounts</u> • <u>Medium Term Financial Strategy</u> • <u>Annual Governance Statement</u> (Part of the Statement of Accounts)

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"> • Implementing good practice in transparency • Implementing good practices in reporting • Assurance and effective Accountability • 	<ul style="list-style-type: none"> • <u>Transparency and Publication of Data</u> • <u>'Have your say' - webpage (e-petitions, consultations, People's Panel and 'Have you say at meetings')</u> • Budget Consultation Process • <u>Customer Access Strategy 2022-2026</u> • <u>Freedom of Information and Publication Scheme</u> • Internal Audit Charter • Annual Internal Audit Plan and progress reports to Governance Committee • External Audit 'Annual Report and Opinion on the financial statements' and 'Value for Money' report • Overview and Scrutiny Procedure Rules (<u>Council Constitution - 08 Part 4</u>) • Recording Officer Decisions (<u>Council Constitution - 24 Part 10</u>)

5.0 Monitoring and review

The Council's commitment to good corporate governance includes the application, development, and maintenance of this Local Code of Corporate Governance. The Council will monitor the arrangements set out in this Local 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.

The Director of Legal & Governance will review and, where necessary, update the Code on an annual basis and will present any significant changes to the Governance Committee for review and approval.