

**Dartford Borough Council
Code of Corporate Governance
2017**

1. Introduction

This document sets out how Dartford Borough Council (the Council) intends to apply the principles of corporate governance in the way the Council operates and conducts business. It has been developed in accordance with the principles outlined in the framework and guidance notes for CIPFA/SOLACE “Delivering Good Governance in Local Government” (2016).

The Council is required to review existing governance arrangements, develop and maintain an up to date local Code of Corporate Governance (“the Code”) (including arrangements for ensuring ongoing effectiveness), and to prepare an Annual Governance Statement (in order to report publicly on its compliance with the Code and the monitoring of effectiveness of its governance arrangements).

2. What is Governance?

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. It comprises the systems and processes, and cultures and values, by which such bodies are directed and controlled and through which they account to, engage with, where appropriate, and lead their communities.

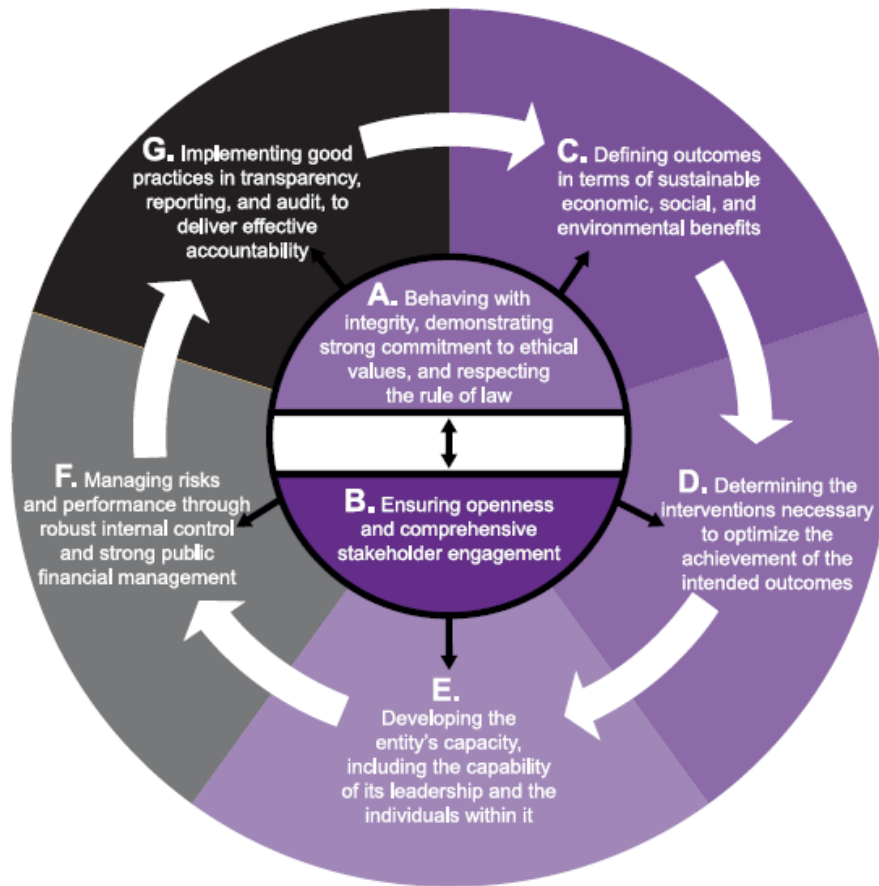
Good governance enables the Council to define and pursue its vision more effectively. It leads to improvements in management, performance, stewardship of public money and public engagement and outcomes for individuals and the community. It ensures that appropriate mechanisms for control are in place and that risks and opportunities are managed effectively.

3. Core Principles of Good Governance

The following core principles have been taken from the International Framework; Good Governance in the Public Sector (CIPFA/IFAC 2014); which notes that principles A and B “permeate” implementation of principles C-G below.

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting 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. Development the Partnership’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.
- G. Implementing good practices in transparency reporting, and audit to deliver effective accountability.

The diagram below shows how the principles relate to each other.



4. Applying the Principles of Good Governance

Each of the seven core principles above has a number of sub principles, which in turn, translate into a range of specific behaviours and actions that apply across the various aspects of the Council's functions that demonstrate good governance.

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

Sub-principle: Behaving with integrity

Behaviours and actions that demonstrate good governance in practice	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation
	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)
	Leading by example and using these standard operating principles or values as a framework for decision making and other actions
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively

Sub-principle: Demonstrating strong commitment to ethical values

Behaviours and actions that demonstrate good governance in practice	Seeking to establish, monitor and maintain the organisation's ethical standards and performance
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation

Sub-principle: Respecting the rule of law

<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</p> <p>Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</p> <p>Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</p> <p>Dealing with breaches of legal and regulatory provisions effectively</p> <p>Ensuring corruption and misuse of power are dealt with effectively</p>
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Principle B. Ensuring openness and comprehensive stakeholder engagement

Sub-principle: Openness

<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</p> <p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</p> <p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</p> <p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</p>
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<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>Engaging comprehensively with institutional stakeholders</p> <p>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p> <p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</p> <p>Ensuring that partnerships are based on:</p> <ul style="list-style-type: none"> • trust • a shared commitment to change • a culture that promotes and accepts challenge among partners • and that the added value of partnership working is explicit
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Sub-principle: Engaging stakeholders effectively, including individual citizens and service users

<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p> <p>Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</p> <p>Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</p> <p>Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account</p> <p>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</p> <p>Taking account of the interests of future generations of tax payers and service users</p>
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Principle C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

Sub-principle: Defining outcomes

<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions</p> <p>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p> <p>Delivering defined outcomes on a sustainable basis within the resources that will be available</p> <p>Identifying and managing risks to the achievement of outcomes</p> <p>Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available</p>
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Sub-principle: Sustainable economic, social and environmental benefits

Behaviours and actions that demonstrate good governance in practice	<p>Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision</p> <p>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</p> <p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p> <p>Ensuring fair access to services</p>
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Principle D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub-principle: Determining interventions

Behaviours and actions that demonstrate good governance in practice	<p>Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</p> <p>Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</p>
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Sub-principle: Planning interventions

Behaviours
and actions
that
demonstrate
good
governance
in practice

Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets

Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered

Considering and monitoring risks facing each partner when working collaboratively including shared risks

Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances

Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured

Ensuring capacity exists to generate the information required to review service quality regularly

Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan

Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy

Sub-principle: Optimising achievement of intended outcomes

Behaviours and actions that demonstrate good governance in practice	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
	Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage
	Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes"

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

Sub-principle: Developing the entity's capacity

Behaviours and actions that demonstrate good governance in practice	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently
	Recognising the benefits of partnerships and collaborative working where added value can be achieved Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

Developing the capability of the entity's leadership and other individuals

<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p> <p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p> <p>Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</p> <p>Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> • ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis. • ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external <p>Ensuring that there are structures in place to encourage public participation</p> <p>Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p> <p>Holding staff to account through regular performance reviews which take account of training or development needs</p>
	<p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing</p>

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

Sub-principle: Managing risk

Behaviours and actions that demonstrate good governance in practice	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
	Ensuring that responsibilities for managing individual risks are clearly allocated

Managing performance

Behaviours and actions that demonstrate good governance in practice	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review
	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
	Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible
	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)

Robust internal control

Behaviours and actions that demonstrate good governance in practice	<p>Aligning the risk management strategy and policies on internal control with achieving objectives</p> <p>Evaluating and monitoring risk management and internal control on a regular basis</p> <p>Ensuring effective counter fraud and anti-corruption arrangements are in place</p> <p>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p> <p>Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon</p>
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Managing data

Behaviours and actions that demonstrate good governance in practice	<p>Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</p> <p>Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.</p> <p>Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.</p>
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Strong public financial management

Behaviours and actions that demonstrate good governance in practice	<p>Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</p> <p>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</p>
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Principle G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Sub-principle: Implementing good practice in transparency

Behaviours and actions that demonstrate good governance in practice

Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate

Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

Implementing good practices in reporting

Behaviours and actions that demonstrate good governance in practice

Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way

Ensuring members and senior management own the results reported

Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)

Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate

Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations

Assurance and effective accountability

Behaviours and actions that demonstrate good governance in practice

Ensuring that recommendations for corrective action made by external audit are acted upon

Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon

Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations

Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement

Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met

5. Annual Review and Reporting

5.1 Each year the Council will carry out a review of governance arrangements to ensure compliance with this Code in accordance with CIPFA/SOLACE “Delivering Good Governance in Local Government” (2016) Framework. The purpose of the review will be to provide assurance that governance arrangements are adequate, operating effectively and to identify action for improvement.

5.2 The outcome of the review is factored into the Governance Statement prepared on behalf of the Leader of the Council and Managing Director and submitted to the Audit Board for consideration and review.

5.3 The preparation and publication of the Governance Statement will meet the statutory requirement of the Accounts and Audit Regulations 2015 which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to “prepare an annual governance statement”. As such, the Governance Statement will be prepared in accordance with the timetable in participation of financial statements in accordance with the Audit and Accounts Regulations 2015.