

City of Lincoln Council

Code of Corporate Governance

February 2017

Document control

Organisation	City of Lincoln Council
Title	Code of Corporate Governance 2017
Author - name and title	Heather Grover, Principal Policy Officer
Owner - name and title	Martin Walmsley, Interim Assistant Director Strategic Development
Date	January 2017
Approvals	
Filename	
Version	V.01
Next review date	January 2018

Note: This code replaces the previous code and is a completely new document, based on different principles.

Document Amendment history

Revision	Originator of change	Date of change	Change description

Introduction

City of Lincoln Council must ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to secure continuous improvement in the way our functions are exercised, having regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, we must put in place proper governance arrangements for our affairs.

This document is our code of corporate governance. It is consistent with the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of our Code is on our website at www.lincoln.gov.uk

The purpose of this Code

Governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

This Code of Corporate Governance sets out the documentation, systems and processes by which the authority transparently controls its activities. It enables us to monitor the achievement of our strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The code is based on a set of seven core principles:

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

Each principle is considered individually in the following sections, aligning documentation, systems and processes to a number of sub-principles and behaviours and actions that demonstrate good governance in practice. Appendix 1 provides the principles of good governance as set out in the CIPFA/Solace publication, 'Delivering Good Governance in Local Government Framework'.

**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 across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

This section covers how we:

- Ensure members and officers **behave with integrity**, members lead on standard operating principles, and that these are used as a framework for decision making and embedded through policies and procedures.
- Demonstrate our **strong commitment to ethical values**, which includes ethical standards and performance, personal behaviour, policies and procedures and standards expected of external providers
- Ensure a **strong commitment to the rule of law**, where officers and members are able to fulfil their responsibilities, use of powers are optimised, and breaches of the law and corruption are dealt with effectively.

Core Principle A – Key Documents	Behaving with integrity	Demonstrating strong commitment to ethical values	Respecting the rule of law
Constitution - relevant sections	x	x	x
HR Policy Handbook- terms and conditions	x	x	x
Vision 2020 (Strategic Plan) – setting out vision, priorities and core values	x	x	x
Website e.g. page on Councillor complaints, code of conduct and register of interests	x	x	x
Intranet	x	x	x
Equality and Diversity Policy		x	x
Equality Objectives and associated action plan		x	x
Annual Equality Journal		x	x
Health and Safety Policy			x
People Strategy	x	x	
Joint working Policy and Guidance	x	x	
Counter Fraud Strategy		x	x
Tenancy Fraud Strategy		x	x
Anti-Fraud policy		x	x
Disposal and retention policy			x
Safeguarding and Domestic Abuse Policies			x
Data Protection Policy			x
IT Security Policy			x

Core Principle A – Key Processes	Behaving with integrity	Demonstrating strong commitment to ethical values	Respecting the rule of law
Ethics and Engagement Committee (ensuring member training and advice on code of conduct)	x	x	
Staff induction process	x	x	x
Staff appraisal system	x		
Member training programme and records	x	x	
Equality Analyses	x	x	
Regular Portfolio Holder/Senior Officer meetings	x		
Corporate Management Team (CX and Directors) (CMT)		x	
Corporate Leadership Team (CMT and Assistant Directors) (CLT)		x	
Directorate Management Teams		x	
Team meetings		x	
'In brief' on Intranet		x	
NET Consent – ensuring key documents are read		x	
Recruitment and selection procedures and processes		x	
Procurement through Procurement Lincolnshire		x	
Appointment of statutory officers – Chief Executive (Head of Paid Service), Section 151 Officer (Chief Finance Officer) and Monitoring Officer (City Solicitor)			x
Subscribing to national email alert systems			x
Monthly summary of emerging policy and guidance considered by CLT			x
Financial management arrangements conform to CIPFA Statement on Role of Chief Financial Officer in Local Government (2010)			x
Audit Committee		x	x
Scrutiny Committees			x
Strategic boards and supporting programme teams			x
Strategic Plan Implementation Team			x

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.

This section covers how we:

- Ensure **an open culture**, making decisions that are open, providing clear reasoning and evidence for decisions and using consultation to inform actions
- **Comprehensively engage with institutional stakeholders** to ensure strong partnerships based on trust and shared commitment where objectives are achieved and outcomes sustainable, through effective use of resources
- **Engage with individual citizens and service users** effectively, ensuring meaningful consultation with and involvement of communities, citizens and service users, and effective communication methods, collection and evaluation of views and provision of feedback.

Core Principle B – Key Documents	Openness	Engaging comprehensively with institutional stakeholders	Engaging with individual citizens and service users effectively
Constitution	x	x	x
HR Policy Handbook- terms and conditions	x	x	x
Vision 2020 (Strategic Plan) – setting out vision, priorities and core values	x	x	x
Annual Report	x	x	x
Executive Forward Work Programme	x		
Website e.g. page on Councillor complaints, code of conduct and register of interests, data transparency	x	x	x
Intranet	x	x	
Consultation and Engagement Strategy	x	x	x
Equality and Diversity Policy	x		
Equality Objectives and associated action plan	x		
Annual Equality Journal	x		
Community Cohesion Strategy			x
Lincoln Against Poverty Strategy and Action Plan			x
Housing Revenue Account Business Plan			x
Local Performance Management Framework	x		
People Strategy		x	
Joint working Policy and Guidance		x	
Customer Access Strategy			x
'Your Lincoln' residents magazine			x
'Home' tenants magazine			x

Core Principle B – Key Processes	Openness	Engaging comprehensively with institutional stakeholders	Engaging with individual citizens and service users effectively
Publication scheme	x		
Staff appraisal system		x	
Strategic plan development and consultation	x		
Data transparency quarterly monitoring	x		
'Channel shift' programme	x		
Procedures for Part 'B' (confidential) reports	x		
Equality Analyses	x		
Committee Report Template	x		
CX meetings with Leadership and opposition Leader	x		x
Regular Portfolio Holder/Senior Officer meetings	x		
Pre-meets with Committee Chairs	x		
Public Consultation		x	x
Corporate Leadership Team (CMT and Assistant Directors) (CLT)	x		
Directorate Management Teams	x		
Team meetings	x		
Quarterly performance and finance reporting	x		
Six monthly Strategic Plan delivery reporting	x		
'In brief' on Intranet	x		
Member training programme and records		x	
Recruitment and selection procedures and processes		x	
Strategic boards and supporting programme teams	x		
Strategic Plan Implementation Team	x		
Internal reviews	x	x	x
Joint working groups and working in partnership		x	x
Growth Conference		x	

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 organisation'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.

This section covers how we:

- **Define outcomes** with an agreed vision of the organisation's overall strategy, specify intended impact on stakeholders, citizens and service users, deliver outcomes and manage user expectations
- Consider **sustainable economic, social and environmental impacts** of policies and plans, take a longer-term view with regard to decisions making, and ensure fair access to services. This includes how we balance potential conflicts of interest between achieving these benefits and the wider public interest.

Core Principle C – Key Documents	Defining outcomes	Sustainable economic, social and environmental benefits
Constitution (includes contract procedure rules)	x	x
HR Policy Handbook- terms and conditions	x	x
Vision 2020 (Strategic Plan) – setting out vision, priorities and core values	x	x
Annual Report	x	
Website e.g. page on Councillor complaints, code of conduct and register of interests	x	x
Intranet	x	x
Lincoln City Profile	x	
Consultation and Engagement Strategy	x	
'Your Lincoln' residents magazine	x	
'Home' tenants magazine	x	
Local Performance Management Framework	x	
Risk Management Strategy	x	
Strategic Risk Register	x	
Corporate Risk Management Toolkit	x	
Treasury Management Strategy (including Capital Investment Strategy)		x
Asset Management Plan		x
Central Lincolnshire Local Plan		x
City Centre Master Plan		x
Executive Forward Work Programme		x
Customer Access Strategy		x
Equality and Diversity Policy	x	x
Equality Objectives and associated action plan		
Annual Equality Journal	x	

Core Principle C – Key Processes	Defining outcomes	Sustainable economic, social and environmental benefits
Equality and Diversity Group	x	
Record of member training	x	x
Equality Analyses	x	x
Neighbourhood Working	x	
Service Planning	x	
Quarterly performance and financial reporting	x	
Six monthly Strategy Plan delivery reporting	x	
Monthly financial monitoring with budget holders	x	
Performance clinics to address poor performance	x	
Regular Portfolio Holder/Senior Officer meetings		x
Corporate Management Team (CX and Directors) (CMT)	x	
Corporate Leadership Team (CMT and Assistant Directors) (CLT)	x	
Directorate Management Teams	x	
Team meetings	x	
Member training programme and records	x	x
Procurement through Procurement Lincolnshire		x
Committee report template		x
Compliance with National Single Data Set	x	
Financial management arrangements conform to CIPFA Statement on Role of Chief Financial Officer in Local Government (2010)		x
Audit Committee		x
Scrutiny Committees		x
Strategic boards and supporting programme teams	x	
Strategic Plan Implementation Team	x	

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 (courses of action). 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 frequently to ensure that achievement of outcomes is optimised.

This section covers how we:

- **Determine interventions** by ensuring decision makers receive robust analysis of options showing how intended outcomes would be achieved and consider feedback from citizens and service users when making changes to services
- **Plan interventions** to ensure robust planning and control cycles, engagement with stakeholders in planning and delivering services, management of risk, flexibility, performance management, review of service quality, and realistic budgets in line with objectives to develop a sustainable funding strategy
- Ensure the medium term financial strategy integrates and balances service priorities, taking into account full costs, best use of resources and achieving 'social' value, set in the context of ongoing decisions on service delivery issues and the external environment to **optimise achievement of intended outcomes.**

Core Principle D – Key Documents	Determining interventions	Planning interventions	Optimising achievement of intended outcomes
Constitution (including financial procedure rules)	x	x	x
Vision 2020 (Strategic Plan) – setting out vision, priorities and core values	x	x	
Annual Report		x	
Website e.g. page on Councillor complaints, code of conduct and register of interests	x	x	
Medium Term Financial Strategy	x		x
Housing Revenue Account 30 Year Business Plan			x
Consultation and Engagement Strategy	x	x	
Equality and Diversity Policy	x		
Equality Objectives and associated action plan	x		
'Your Lincoln' residents magazine		x	
'Home' tenants magazine		x	
Joint working Policy and Guidance		x	
Risk Management Strategy		x	
Corporate Risk Management Toolkit		x	
Budget Holder Manual			x

Core Principle D – Key Processes	Determining interventions	Planning interventions	Optimising achievement of intended outcomes
Equality Analyses	x	x	
Regular Portfolio Holder/Senior Officer meetings	x		
Committee Report Template	x	x	
Public consultation including review and annual budget consultation	x	x	
Service planning (includes consideration of social value)	x	x	x
Corporate Management Team (CX and Directors) (CMT)	x	x	
Corporate Leadership Team (CMT and Assistant Directors) (CLT)	x	x	
Directorate Management Teams		x	
Team meetings		x	
Neighbourhood working		x	
Member training programme and records	x		
Quarterly performance and financial reporting		x	
Six monthly Strategic Plan delivery plan reporting		x	
Performance clinics to address poor performance		x	
Annual budget cycle			x
Procurement through Procurement Lincolnshire			x
Monthly financial monitoring with budget holders			x
Strategic Plan development and consultation	x		
Information Management and Performance System (IMPS)		x	
Strategic boards and supporting programme teams		x	x
Strategic Plan Implementation Team		x	

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 mind-set, to operate efficiently and effectively and achieve 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 organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

This section covers how we:

- Review operations and performance, including through benchmarking, to ensure ongoing effectiveness and to **develop the entity's capacity**. This includes how we ensure improving use of resources, work collaboratively and in partnership to add value and maintain effective workforce planning.
- Ensure **the capability of the entity's leadership and individuals are developed** with elected and appointed leaders having a shared understanding of objectives and clearly defined roles, publication of decision making delegation, ongoing development of members and senior management in a changing environment, encouragement of public participation, and regular staff reviews of performance, training needs and health and wellbeing.

Core Principle E – Key Documents	Developing the entity's capacity	Developing the capability of the entity's leadership and other individuals
Constitution	x	x
HR Policy Handbook- terms and conditions	x	x
Vision 2020 (Strategic Plan) – setting out vision, priorities and core values	x	x
Website e.g. page on Councillor complaints, code of conduct and register of interests	x	x
Lincoln City Profile	x	
Intranet	x	
Revenues and Benefits Shared Service Delegation Agreement	x	
Central Lincolnshire Local Plan	x	
Job descriptions		x
People Strategy	x	x
Joint working Policy and Guidance	x	

Core Principle E - Key Processes	Developing the entity's capacity	Developing the capability of the entity's leadership and other individuals
Regular review of Constitution (including scheme of delegation)		x
Current review of contract procedure rules		x
Quarterly performance and financial reporting	x	
Six monthly Strategic Plan delivery plan reporting	x	
Benchmarking (including CIPFA, LG Inform and within specific services)	x	
Central Lincolnshire Joint Strategic Planning Committee	x	
Public consultation (including through Lincoln Tenants' Panel and Citizens Panel)		x
Staff induction process		x
Online staff training programmes		x
Staff appraisal system		x
Programme of management development		x
LGA Peer Challenge February 2017		x
Regular Leader/CX meetings		x
Regular Portfolio Holder/Senior Officer meetings		x
Team meetings		x
'In brief' on Intranet		x
NET Consent – ensuring key documents are read		x
Member training programme and records		x
Recruitment and selection procedures and processes		x
Procurement through Procurement Lincolnshire	x	
Ethics and Engagement Committee		x
Appointment of statutory officers – Chief Executive (Head of Paid Service), Section 151 Officer (Chief Finance Officer) and Monitoring Officer (City Solicitor)		x
Joint Consultative Committee (with unions)		x
Human Resources health and well-being champion		x
Strategic boards and supporting programme teams	x	

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 are 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 are 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 service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

This section covers how we:

- **Manage risk** as an integral part of all activities, including as part of decision making with robust risk management arrangements in place and allocation of responsibilities.
- **Manage performance** from planning through to post implementation review, making informed decisions, ensuring effective scrutiny, providing regular performance reports and ensuring consistency between budget and financial statements.
- Ensure **robust internal control** through a risk management strategy which is aligned to achieving objectives, effective counter fraud and anti-corruption arrangements, and an effective internal audit backed up by assurance from an audit committee independent of Executive.
- **Manage data** ensuring effective arrangements for all aspects of data handling, including data sharing, and reviewing quality of data used.
- Ensure **strong public financial management** supporting both long term achievement of outcomes and short term performance, integrated at all levels of control.

Core Principle F - Key Documents	Managing Risk	Managing performance	Robust internal control	Managing data	Strong public financial management
Constitution	x	x	x	x	x
HR Policy Handbook- terms and conditions			x		
Vision 2020 (Strategic Plan) – setting out vision, priorities and core values		x			
Website e.g. page on Councillor complaints, code of conduct and register of interests		x			x
Annual report (including performance and financial information)		x			x
Medium Term Financial Strategy		x			x
Treasury Management Strategy		x			x
Annual Statement of Accounts		x			x
Risk Management Strategy	x		x		
Corporate Risk Management Toolkit	x		x		
Strategic Risk Register and departmental risk registers	x		x		
Local Performance Management Framework		x			
Annual Audit Plan			x	x	
External Audit Value for Money conclusion		x			
Counter Fraud Strategy			x		
Tenancy Fraud Strategy			x		
Anti-Fraud policy			x		
Annual Governance Statement			x		
Disposal and retention policy				x	
Value for Money Statement					x
Data Protection Policy				x	
Data Sharing Protocols				x	
Data processing agreements				x	
Data Quality Policy				x	
IT Security Policy				x	

Core Principle F – Key Processes	Managing Risk	Managing performance	Robust internal control	Managing data	Strong public financial management
---	----------------------	-----------------------------	--------------------------------	----------------------	---

Core Principle F – Key Processes	Managing Risk	Managing performance	Robust internal control	Managing data	Strong public financial management
Annual Budget cycle					x
Benchmarking (including CIPFA, LG Inform and within specific services)		x			
Monthly financial monitoring with budget holders					x
Committee report template	x	x			
Equality Analyses		x			
Regular Portfolio Holder/Senior Officer meetings		x			
Corporate Management Team (CX and Directors) (CMT)		x			
Corporate Leadership Team (CMT and Assistant Directors) (CLT)	x	x			
Directorate Management Teams	x	x			
Team meetings		x			
Risk management training	x				
Regular review of Constitution including financial and contract procedure rules		x			x
Senior lead officer identified to support scrutiny chairs		x			
Member training programme and records	x	x	x		
Procurement through Procurement Lincolnshire					x
Appointment of statutory officers – Chief Executive (Head of Paid Service), Section 151 Officer (Chief Finance Officer) and Monitoring Officer (City Solicitor)			x		x
Internal Audit complies with Public Sector Internal Audit Standards			x		
Financial management arrangements conform to CIPFA Statement on Role of Chief Financial Officer in Local Government (2010)					x
Executive Committee	x				
Audit Committee (including monitoring audit recommendations)	x		x	x	
Information Management Projects				x	
Scrutiny Committees	x	x			
Information Management and Performance System (IMPS)		x			
Quarterly performance and financial reporting		x		x	
Six monthly Strategic Plan delivery plan reporting		x			
External peer assessment			x		
Compliance with National Single Data Set		x			
Lincoln Project Management Model, toolkit and training		x			
Strategic boards and supporting programme teams		x			

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

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.

This section covers how we:

- Ensure **good practice in transparency** by providing easy access to information for external audiences in appropriate format, enabling public scrutiny without being too onerous.
- Report timely and consistent information on performance, value for money and resources accompanying financial statements, ensure ownership of results by members and management and assess application of principles in the governance framework, including for shared and jointly managed services, in line with **good practice in reporting**.
- Ensure **assurance and effective accountability** by action on recommendations by external audit, an effective internal audit service, peer challenge, and of third party risks with when working in partnership.

Core Principle G – Key Documents	Implementing good practice in transparency	Implementing good practices in reporting	Assurance and effective accountability
Constitution	x	x	x
HR Policy Handbook- terms and conditions		x	
Vision 2020 (Strategic Plan) – setting out vision, priorities and core values	x		
Annual Report	x	x	
Website (including data transparency page)	x		
Freedom of Information Policy	x		
Annual Statement of Accounts		x	
Annual Governance Statement		x	
People Strategy		x	
Joint working Policy and Guidance		x	x
Partnership and Service Level Agreements			x

Core Principle G – Key Processes	Implementing good practice in transparency	Implementing good practices in reporting	Assurance and effective accountability

Core Principle G – Key Processes	Implementing good practice in transparency	Implementing good practices in reporting	Assurance and effective accountability
Quarterly monitoring of compliance with data transparency aligned with performance monitoring through Information Management Performance System (IMPS)	x		
Staff appraisal system		x	
Quarterly performance and financial reporting		x	
Six monthly Strategy Plan delivery reporting		x	
Regular Portfolio Holder/Senior Officer meetings		x	
Corporate Management Team (CX and Directors) (CMT)		x	
Corporate Leadership Team (CMT and Assistant Directors) (CLT)		x	
Directorate Management Teams		x	
Team meetings		x	
LGA Peer Review in February 2017			x
Service area external peer assessment			x
Appointment of statutory officers – Chief Executive (Head of Paid Service), Section 151 Officer (Chief Finance Officer) and Monitoring Officer (City Solicitor)		x	
Financial management arrangements conform to CIPFA Statement on Role of Chief Financial Officer in Local Government (2010)		x	
Audit Committee		x	x
Executive		x	
Scrutiny Committees		x	

Review of the effectiveness of this Code

The City Council conducts annually a review of the effectiveness of its governance framework including the system of internal control. The City Council's performance in meeting the principles within this code are reported in an annual statement called the Annual Governance Statement.

The review of effectiveness is a comprehensive piece of work and is informed by a range of sources of information including:

- Internal and External Audit Reports
- Council's performance in managing risk
- The councils overall performance management
- Assurances from third parties such as inspections
- The views of the Head of Internal Audit
- Complaints received
- Ethics and standards issues

Appendix 2 and 3 below illustrate the full range of information sources that are utilised in that review. This latter appendix also incorporates the quality assurance process the Annual Governance Statement passes through prior to adoption. Stages include:

- Production of a draft statement by an independent senior officer utilising the full range of information sources
- Review by Assistant Directors to ensure the statement reflects the key issues and is comprehensive
- Review and approval by the Council's Corporate Management Team (corporate directors)
- Review and challenge by the Council's Audit Committee
- Comment by the Council's Executive Committee
- Approval by Full Council as part of the Statement of Accounts

Further information on the operation of this code is available from:

Martin Walmsley
Interim Assistant Director – Strategic Development
Chief Executive's Dept.
City Hall, Beaumont Fee
Lincoln, LN1 1DD

Tel: 01522 873597

Email: martin.walmsley@lincoln.gov.uk

**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 across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Behaving with integrity

- 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 the above 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

Demonstrating strong commitment to ethical values

- 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 ethical standards expected by the organisation

Respecting the rule of law

- Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
- 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
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring corruption and misuse of power are dealt with effectively

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.

Openness

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
- 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
- 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
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action

Engaging comprehensively with institutional stakeholders

NB: Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.

- 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
- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
- Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit

Engaging with individual citizens and service users effectively

- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes
- Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking account of the impact of decisions on future generations of tax payers and service users

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

The 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 organisation'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.

Defining outcomes

- Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions
- 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
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available

Sustainable economic, social and environmental benefits

- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
- 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
- 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
- Ensuring fair access to services

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 (courses of action). 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 frequently to ensure that achievement of outcomes is optimised.

Determining interventions

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided
- 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

Planning interventions

- 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 goods and services 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 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

Optimising achievement of intended outcomes

- 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

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 mind-set, to operate efficiently and effectively and achieve 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 organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Developing the entity's capacity

- 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

- 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
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
- 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
- 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: – 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
- Ensuring that there are structures in place to encourage public participation
- Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
- Holding staff to account through regular performance reviews which take account of training or development needs
- 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

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 are 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 are 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 service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Managing risk

- 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

- 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
- 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 (eg financial statements)

Robust internal control

- Aligning the risk management strategy and policies on internal control with achieving objectives
- Evaluating and monitoring risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- 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

Managing data

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring

Strong public financial management

- Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
- Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

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

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.

Implementing good practice in transparency

- 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

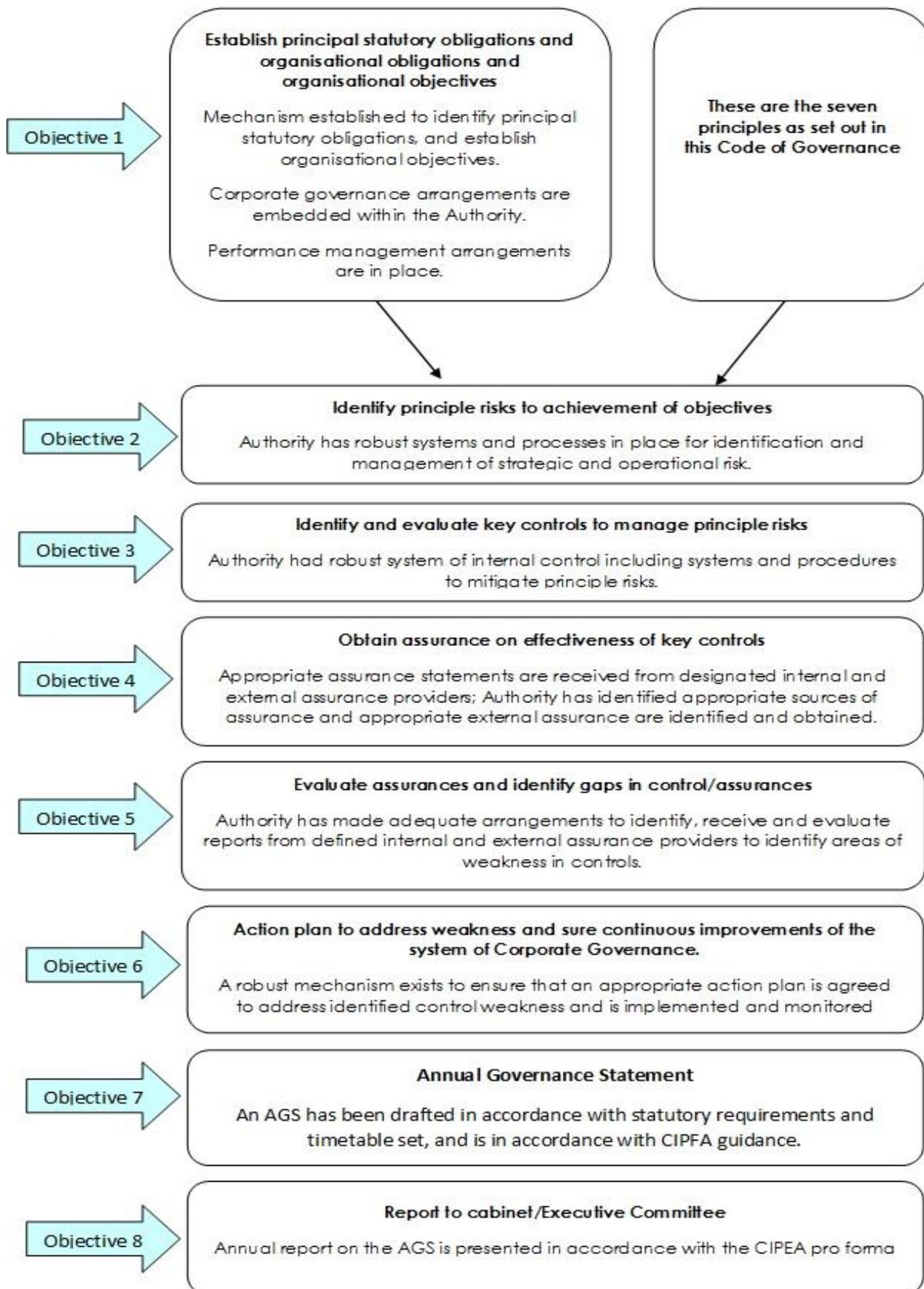
- Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
- Ensuring members and senior management own the results reported
- Ensuring robust arrangements for assessing the extent to which the principles contained in 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

- 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

PROCESS

Appendix 2



Annual Governance Statement (AGS) Framework Flowchart

Appendix 3

