

Corporate Governance & Ethical Standards

What is Corporate Governance?

- » How local government bodies
 - » ensure that they are doing the right things,
 - » in the right way,
 - » for the right people,
 - » in a timely, inclusive, open, honest and accountable manner.

What is Corporate Governance?

- » It comprises:-
 - » the systems and processes,
 - » The cultures and values,
- » by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

Local Definition

- » *‘Ensuring the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner’*

Why is it Important?

- » Governance arrangements in the public services are keenly observed and sometimes criticised.
- » Significant governance failings attract immense attention
- » Local government is big business, employing over two million people and accounting for 25% of public spending.
- » Local Government services are vitally important to all tax payers and citizens.
- » Authorities need to ensure they deliver high-quality services to them.
- » Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users of the Council.
- » Good governance enables the Council to pursue its vision effectively as well as underpinning it with mechanisms for control and management of risk.
- » The Council should aim to meet the standards of the best.
- » Governance arrangements should not only be sound but also be seen to be sound.

How Does the Council Demonstrate Good Governance ?

- » The Council has adopted a Local Code of Corporate Governance.
- » The Council undertakes an Annual Governance Review.
- » The Council prepares and publishes an Annual Governance Statement (AGS) that meets the statutory requirement set out the Accounts and Audit Regulations 2006 for authorities to prepare a statement of internal control in accordance with “proper practices”.
- » The AGS demonstrates compliance with the CIPFA/ SOLACE framework "Delivering Good Governance in Local Government".

The Local Code of Corporate Governance

- » Approved in May 2008
- » Available on the Council's Intranet
- » Currently not available on the Council's Website
- » Annually Reviewed – In 2010 it will be important to take into account the CIPFA Statement on the Role of the Chief Financial Officer in Local Government

Ethical Standards

Ethics – A Definition

“Based on core values, a set of standards for conduct in government companies and society that guide decisions, choices and actions.”

Source – Transparency International

The Council's Code of Corporate Governance – Principle 4

- » Promote values and behaviours for the Authority that will demonstrate how it will uphold good governance and high standards of conduct

What Values do we Stand For & What do They Mean?

INTEGRITY (How)	ACCOUNTABILITY	Ownership, discipline, control, governance, transparency, freedom to operate within defined limits , intelligent application
	ETHICS	Honesty, openness, trust, enjoyment, professionalism, pragmatism, excellence
	WAY WE TREAT EACH OTHER	Respect, listening, collaborative, supportive but challenging, building relationships
MAKE A DIFFERENCE (What)	MAKE IT HAPPEN	Commitment, take permission, value based decisions, outcome focussed, timely, enable, tackle obstacles, do it
	COMMUNITY FOCUS	Understand needs, inclusive, customer satisfaction, community leadership, perception, reputation
	EFFICIENT & EFFECTIVE	Doing the right things, doing things right, financial sustainability, value improvement, performance mgt culture
INNOVATION (Doing Better)	INNOVATION	Creativity, leading edge, future focussed, continuous improvement
	CONFIDENCE/ BRAVERY	Risk taking, autonomy, empowerment, raising the bar, entrepreneurial
	ORGANISATIONAL DEVELOPMENT	Develop staff/managers through active coaching, build organisational capability, talent management, motivation, leading by example

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Principle 4) The Authority will promote values and behaviours for the Authority that will demonstrate how it will uphold good governance and high standards of conduct

SUPPORTING PRINCIPLES	EXPECTED REQUIREMENTS
<p>Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance</p>	<p>Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect;</p>
	<p>Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff, its partners and the community are defined and communicated through codes of conduct and protocols;</p>
	<p>Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice</p>
<p>Ensuring that organisational values are put into practice and are effective</p>	<p>Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with members, staff, the community and partners;</p>
	<p>Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice;</p>
	<p>Develop and maintain an effective standards committee;</p>
	<p>Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority;</p>
	<p>In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively</p>

Leadership Values Surveys

Values we do/don't stand for – Survey July 07

		DO	5	4	3	2	1	DON'T
	Accountability	Ownership, discipline, control, governance, transparency, freedom to operate in defined limits, intelligent application						Waiting to be told, taking all the decisions, hierarchy & controlling, abdicating responsibility, keep your head down, not my job.
Integrity	Ethics	Honesty, openness, trust, enjoyment. Professionalism, pragmatism, excellence						Cynicism, criticism, blame, defensive, covering up, win only, unprincipled, silent veto.
	Way We Treat People	Respect, listening, collaborative, supportive but challenging, building relationships						Rudeness, bullying, silo's/internal barriers, not consulting /communicating decisions that impact other services.
	Make It Happen	Commitment, take permission, value based decisions, outcome focussed, timely, enable, tackle obstacles, do it						Bureaucracy, institutionalised control, indecisiveness & procrastination, too busy, talking shop, not doing what you say.
Make a Difference	Community Focus	Understand needs, inclusive, customer satisfaction, community leadership, perception, reputation (outside in)						Knowing best, lack of consultation / communication, bad press, poor customer service.
	Efficient & Effective	Doing the right things, doing things right - Financial sustainability, value improvement, performance mgt culture						Inconsistency, fire fighting, confusion, accepting mediocrity, cost over value, poor performance.
	Innovation	Innovation, creativity, leading edge, future focussed, continuous improvement						Short term, inertia, change is bad, why rock the boat, dreaming, it's not my job, sceptics & resisters, too difficult.
Innovation	Confience/Bravery	Risk taking + autonomy & empowerment (within limits), raising the bar, entrepreneurial skills						Risk adverse, blame culture, complacent, comfortable, survival.
	Organisational Development	Develop staff/managers through active coaching, build organisational capability, talent mgt, motivation, by example						Autocratic management, empire building, directing & telling, status & ego.

Values we do/don't stand for – Survey April 08

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Values we do/don't stand for – Survey March 09

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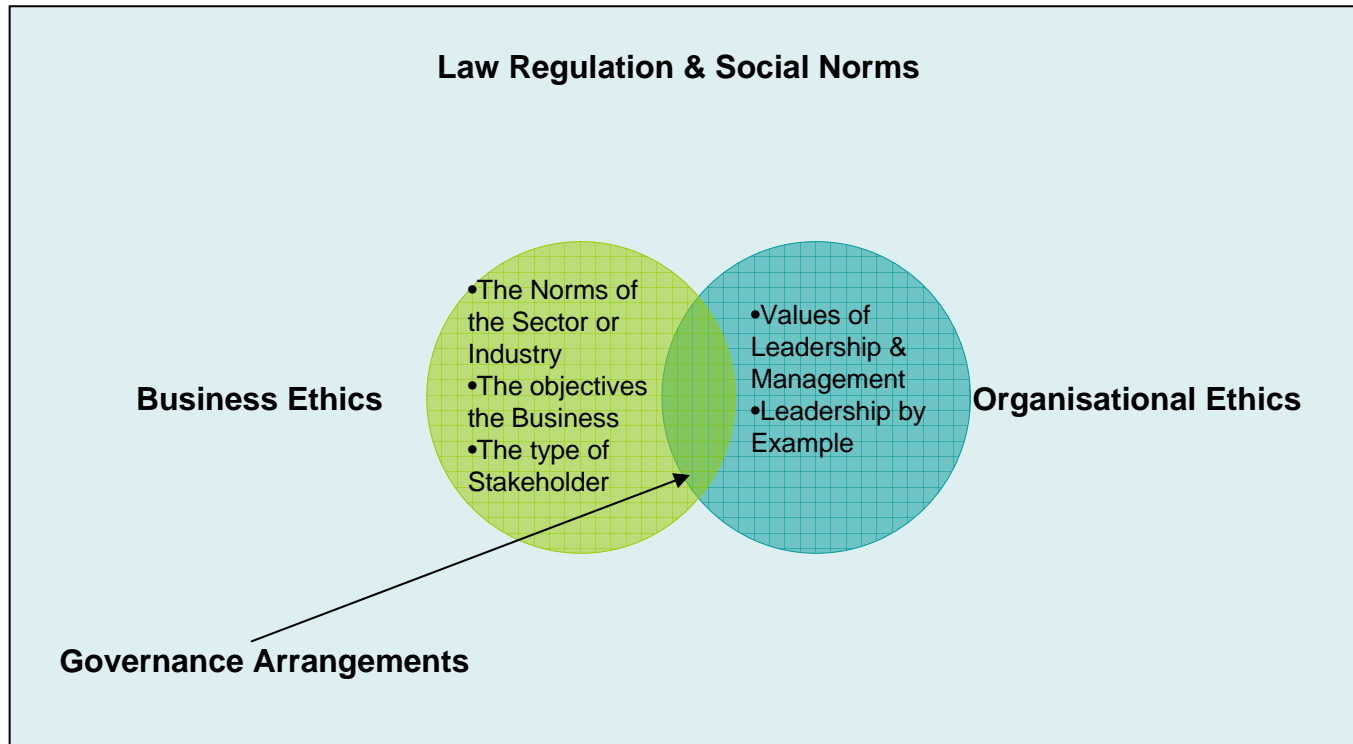
Values we do/don't stand for – Survey March 10

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Ethical Components

- » Law, Regulation & Social Norms
- » Business/Corporate Ethics – The moral norms relating to the conduct of business
- » Organisational Ethics – The values of the organisation to its employees irrespective of law or regulation

How do they interact?



What Happens if Things Go Wrong

- » Corruption (Grand, Petty or Political)
- » Loss of Transparency
- » Loss of Accountability
- » Loss of Disclosure
- » Bribery
- » Clientelism
- » Collusion
- » Conflict of Interest
- » Embezzlement
- » Extortion
- » Facilitation Payments
- » Fraud
- » Loss of Integrity
- » Inappropriate Lobbying
- » Money Laundering
- » Nepotism
- » Patronage
- » Revolving Doors
- » Solicitation

Is it a problem in the United Kingdom?

(1= Not Corrupt 5= Very Corrupt)

Source: Global Corruption Barometer 2009

	Political Parties	Parliament	Private Sector	Media	Public Sector	Judiciary	Average
Survey Average	3.9	3.7	3.5	3.2	3.8	3.5	3.6
EU Average	3.7	3.4	3.4	3.3	3.4	3.1	3.4
United Kingdom	3.6	3.3	3.5	3.5	3.2	2.8	3.3

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Scandals/Public Interest Reports

- » Poulson Affair - Bribery
- » Westminster – Homes for Votes
- » Doncaster MBC “Donnygate” – Corrupt Practices
- » Parliamentary expenses
- » Robinson “Affair”
- » Laws Resignation
- » Corby Borough Council - Probity & governance regarding procurement (2002)
- » Chipping Campden Town Council - Financial Governance (2007)
- » Walsall MBC – Governance (2007)
- » Leicester City Council – Procurement (2007)
- » Merseyside PTE – Governance (2008)
- » North Somerset Council - Waste Management (2009)
- » Nottingham CC - Allocation of Council Houses (2009)
- » Doncaster MBC – Conduct (2009)

How Does an Organisation Set its Ethical Standards?

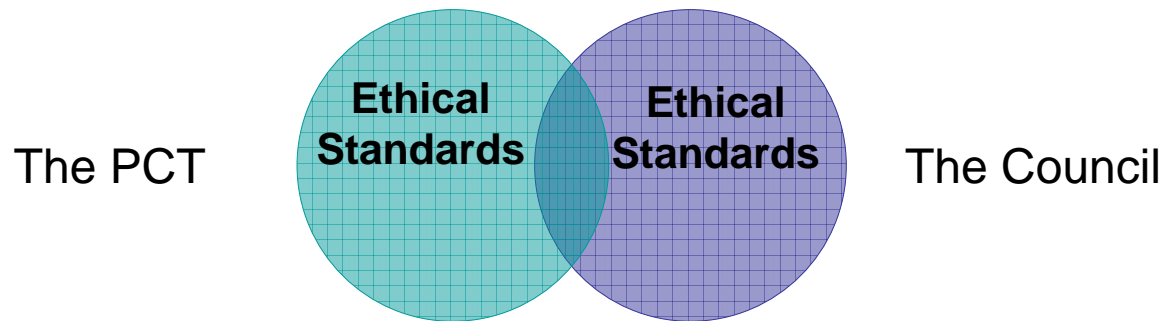
- » Put them in writing
- » Explain them and provide periodic reinforcement
- » Ensure they are doable with management leading by example
- » Ensure advice is available on ethical situations
- » Monitor them
- » Establish confidential reporting
- » Back them up with clearly stated consequences for disobedience

Partnership Bring Together a Variety of Ethical Problems

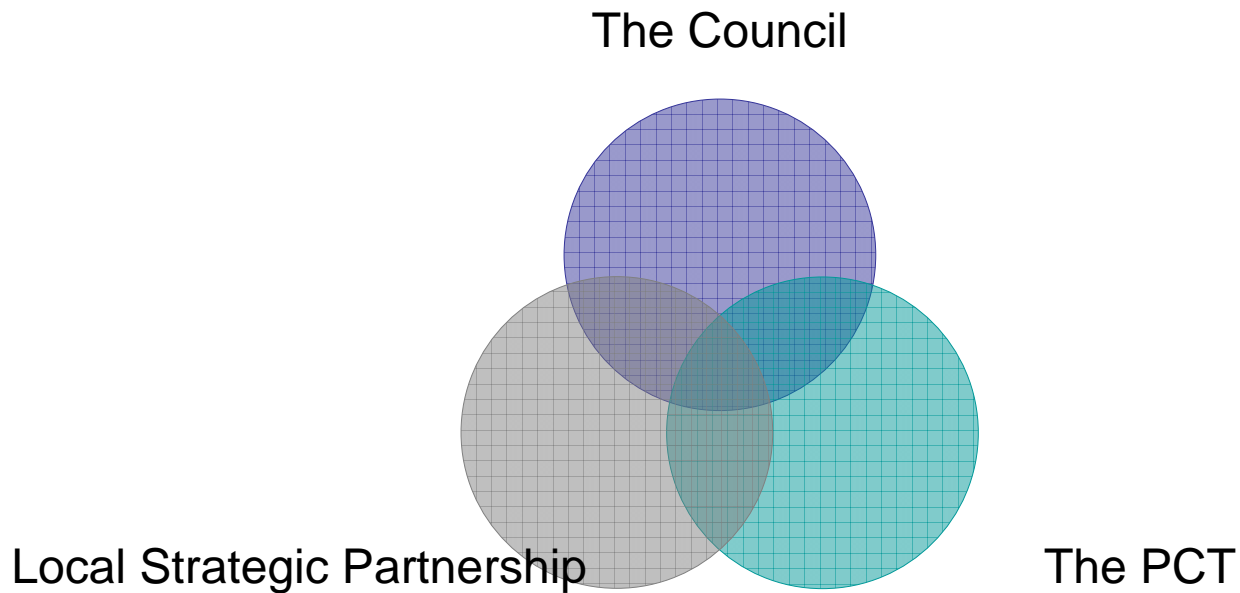
The Council



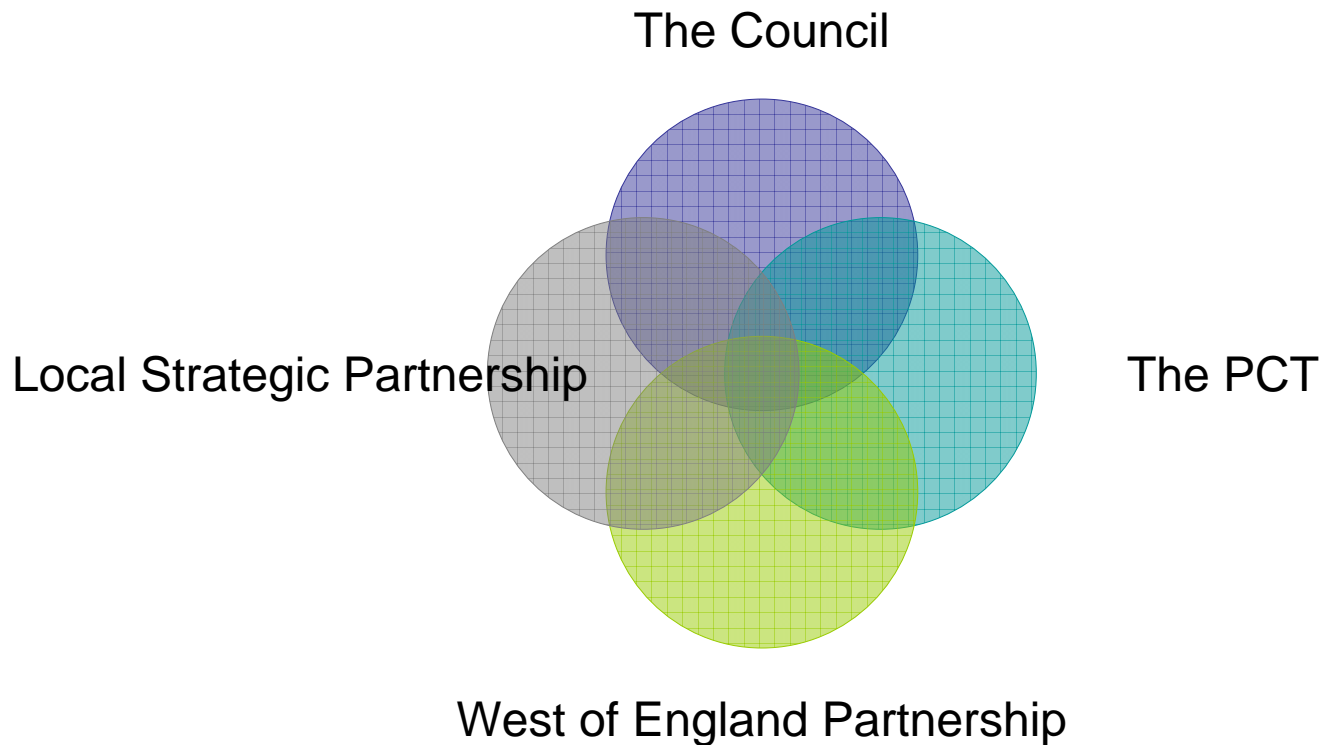
Partnership Ethics – Different Legislative Backgrounds



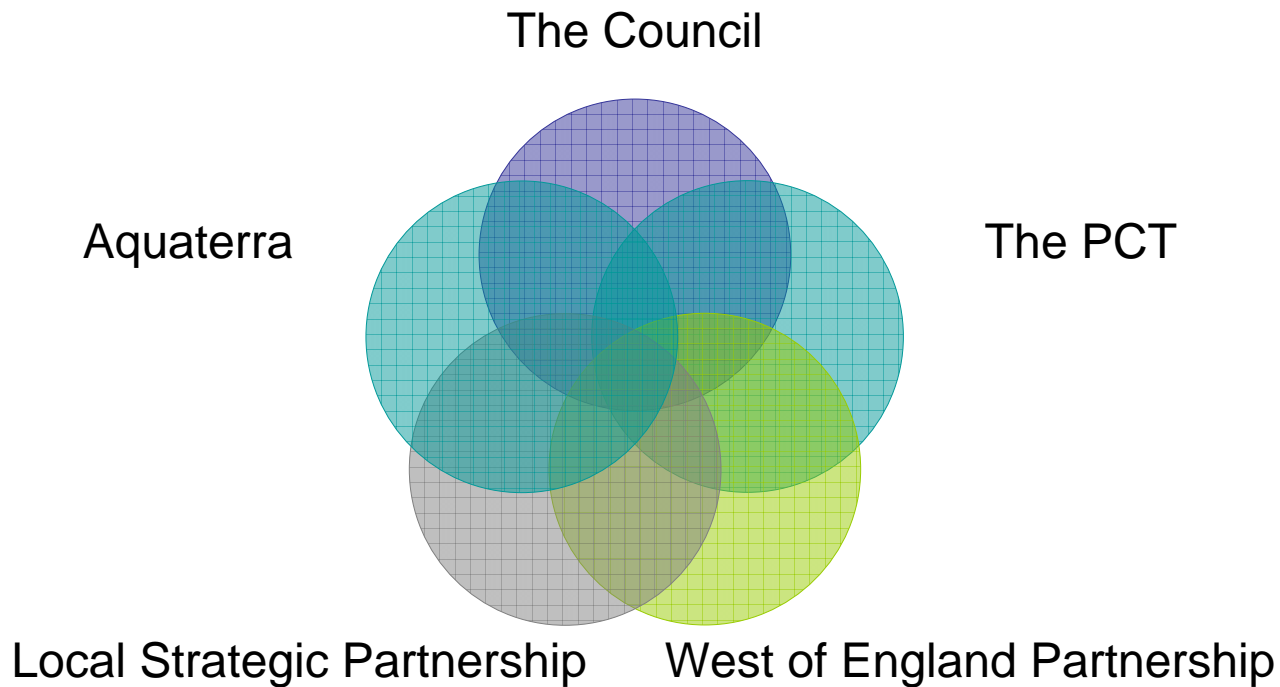
Partnership Ethics – Different Interest Groups



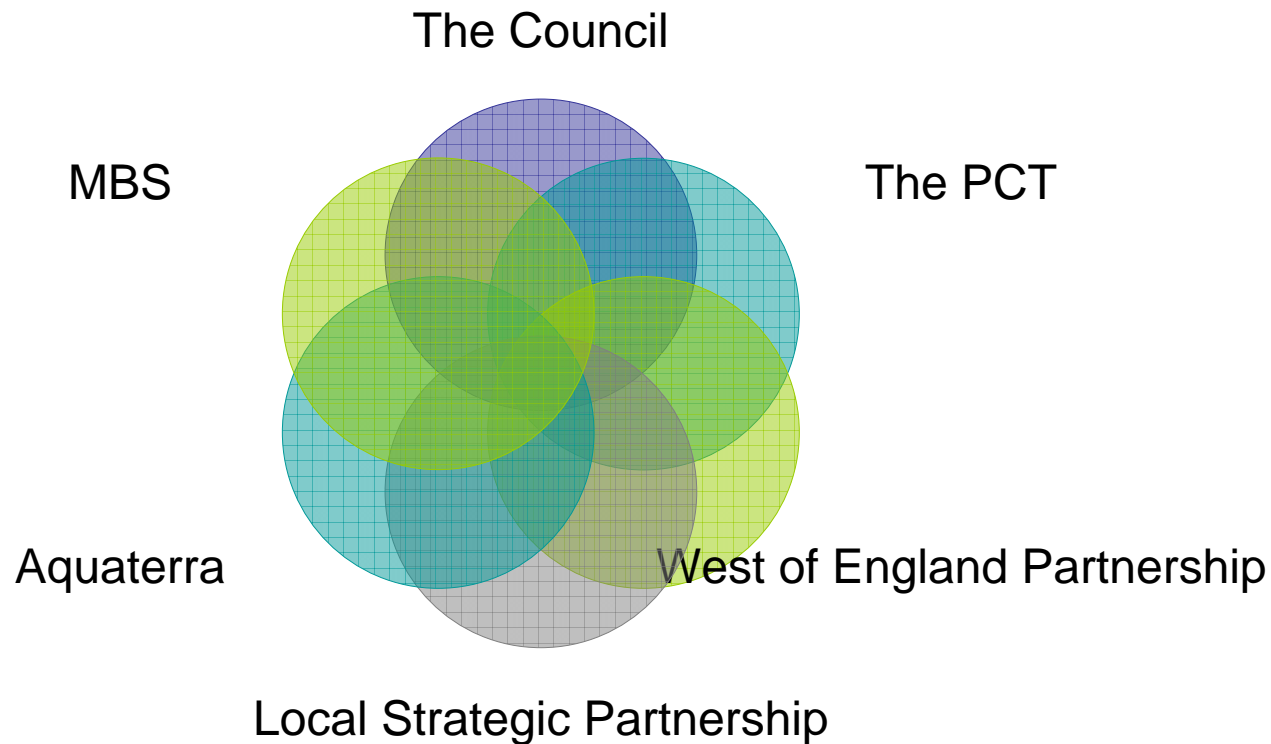
Partnership Ethics – Different Interests Groups (2)



Partnership Ethics – Business Interests



Partnership Ethics – Business Interests (2)



The Council has a strong Ethical Framework to Support Members

- » Standards for England
- » The Council's Standards Committee
- » The Council's Constitution
- » The Local Code of Corporate Governance
- » Council Code of Conduct (minimum includes the Model Code of Conduct)
- » Democratic Services
- » Member Guidance & Training
- » Anti- Fraud & Corruption and Whistleblowing Policy

An Officer Framework is in Place

- » Constitution
- » Local Code of Corporate Governance
- » Code of Conduct
- » HR Policies & Procedures
- » Guidance & Training
- » Anti- Fraud & Corruption and Whistleblowing Policy

An Officer Framework is in Place but it Requires Strengthening

- » Constitution
- » Code of Conduct – Requires Reviewing & Updating
- » HR Policies & Procedures
- » Guidance & Training – Currently very Limited
- » Anti- Fraud & Corruption and Whistleblowing Policy

Areas for Development

- » Officer Code of Conduct
- » Guidance
- » Training
- » Review of Local Code of Corporate Governance