



## **LUDLOW TOWN COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE**

### **1. INTRODUCTION**

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) have published a framework document for Corporate Governance in Local Government.
- 1.2 Ludlow Town Council is committed to the principles of good corporate governance and wishes to confirm its commitment and intentions through the development, adoption and maintenance of a Local Code of Corporate Governance, as recommended by the CIPFA/SOLACE Framework.
- 1.3 This document, Ludlow Town Council's "Local Code of Corporate Governance", therefore sets out and describes the Council's commitment to corporate governance. It also identifies the arrangements that have or will be made to secure its effective implementation and application in all aspects of the Council's work.

### **2. WHAT IS CORPORATE GOVERNANCE?**

- 2.1 For the purpose of this Local Code, Ludlow Town Council accepts the definition of Corporate Governance as stated within the CIPFA/SOLACE Framework, as follows:

**“Governance is about 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.**

**It comprises the systems and processes, and 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”.**

- 2.2 Ludlow Town Council recognises that effective local government relies upon establishing and maintaining the confidence of the public in both the elected Members and Officers of the Council.
- 2.3 Ludlow Town Council recognises that the setting of high standards of self-governance provides a clear and demonstrable lead to both our existing and potential partners, and therefore provides the basis of effective community governance.

### 3. THE PRINCIPLES

3.1 Ludlow Town Council positively recognises and accepts the following six core principles of good governance, as identified within the CIPFA/SOLACE Framework:

- **Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**
- **Members and Officers working together to achieve a common purpose with clearly defined functions and roles**
- **Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
- **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
- **Developing the capacity and capability of members and officers to be effective**
- **Engaging with local people and other stakeholders to ensure robust public accountability**

The six core principles each have a number of supporting principles, which in turn have a range of specific requirements that apply across the Council's business.

#### **Principle One - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**

The function of governance is to ensure that authorities, other local government organisations or connected partnerships fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. This concept should guide all governance activity.

The Council needs to develop and articulate a clear vision of its purpose and intended outcomes for citizens and service users that are clearly communicated, both within the organisation and to external stakeholders.

The principles supporting this core principle and the action the council propose to take in relation thereto are as follows:

<b>Supporting Principles:</b>	<b>Ludlow Town Council will:</b>
Exercising strategic leadership by developing and clearly communicating the authority's	<ul style="list-style-type: none"> <li>• Make an explicit commitment to openness in all its dealings and publish its agendas and minutes of meetings, subject only to the need to preserve</li> </ul>

<b>Supporting Principles:</b>	<b>Ludlow Town Council will:</b>
purpose and vision and it's intended outcome for citizens and service users	confidentiality where it is proper and appropriate so to do. <ul style="list-style-type: none"> <li>• Engage and consult its community and other stakeholders by establishing clear channels of communication.</li> <li>• Allocate resources in accordance with agreed policies.</li> <li>• Publish an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance.</li> <li>• Put in place arrangements for an independent audit of its operations and financial performance.</li> </ul>
Ensuring that users receive a high quality of service whether directly, by commissioning, or in partnership	<ul style="list-style-type: none"> <li>• Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.</li> <li>• Play an active role in Local Area Partnerships and Local Joint Committees.</li> <li>• Adopt effective arrangements to identify and deal with failure in service delivery.</li> </ul>
Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money	<ul style="list-style-type: none"> <li>• Decide how value for money is to be measured and make sure that the authority has the information needed to review value for money and performance effectively.</li> <li>• Adopt best practice in commissioning and procurement.</li> <li>• Publish annual budgets and accounts and internal audit reports.</li> <li>• Adopt and maintain robust Financial Regulations.</li> </ul>

**Principle Two - Members and Officers working together to achieve a common purpose with clearly defined functions and roles**

The governing body of an organisation has overall responsibility for directing and controlling that organisation. In local government the governing body is the full council.

The principles supporting this core principle and the action the council propose to take in relation thereto are as follows:

<b>Supporting Principles:</b>	<b>Ludlow Town Council will:</b>
Ensuring effective leadership throughout the authority and being clear about roles and responsibilities.	<ul style="list-style-type: none"> <li>• Adopt and maintain terms of reference for Council committees' that are clear and unambiguous.</li> <li>• Adopt, maintain and keep under review a scheme of delegations to officers.</li> </ul>

<b>Supporting Principles:</b>	<b>Ludlow Town Council will:</b>
	<ul style="list-style-type: none"> <li>• Ensure the Town Clerk/Responsible Financial Officer accept and understand their responsibilities for all aspects of operational and financial management.</li> <li>• Ensure all staff have clear conditions of employment and job descriptions which set out their roles and responsibilities.</li> <li>• Ensure that all members accept and understand their role and responsibility for providing effective strategic leadership and for ensuring that the council successfully discharges its overall responsibilities.</li> <li>• Provide members with a statement of the duties and responsibilities expected of them as elected representatives of the local community.</li> </ul>
<p>Ensuring that a constructive working relationship exists between elected members and officers and that the responsibilities of members and officers are carried out to a high standard</p>	<ul style="list-style-type: none"> <li>• Provide Job Descriptions and develop protocols to ensure that Councillors, the Town Clerk and senior officers share a clear understanding of their respective roles and objectives.</li> <li>• Adopt appropriate codes of conduct for Members and officers and for Member and officer relationships.</li> <li>• Maintain registers for the declaration of interests by Members and officers and for recording the receipt of any gifts and hospitality, which they receive.</li> <li>• Make the Town Clerk responsible to the Council for ensuring that agreed procedures are followed and that Statutes and Regulations are complied with.</li> <li>• Make the Responsible Financial Officer responsible for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</li> <li>• Make the Town Clerk and/or Senior Officer(s) responsible and accountable to the Council for all aspects of operational management.</li> </ul>
<p>Ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of the other</p>	<ul style="list-style-type: none"> <li>• Foster effective relationships and partnerships with other public sector bodies and representatives of bodies in the private and voluntary sectors.</li> <li>• Appoint representatives to serve on Local Joint Committees and outside bodies.</li> <li>• Provide opportunities for members of the public and representatives of organisations to address meetings of the council.</li> <li>• Enter Service Level Contracts for the work the council does for partners and for the work they do for the town council.</li> <li>• Provide an external website that residents and partners can access to obtain relevant and up to date information on the Council and its activities.</li> </ul>

**Principle Three - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

Good governance flows from a shared ethos or culture, as well as from systems and structures. It cannot be reduced to a set of rules, or achieved fully by compliance with a set of requirements. This spirit or ethos of good governance can be expressed as values and demonstrated in behaviour.

A hallmark of good governance is the development of shared values, which become part of the organisation’s culture, underpinning policy and behaviour throughout the organisation, from the governing body to all staff. These are in addition to compliance with legal requirements.

The principles supporting this core principle and the action the council propose to take in relation thereto are as follows:

<b>Supporting Principles:</b>	<b>Ludlow Town Council will:</b>
Ensuring elected members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance	<ul style="list-style-type: none"> <li>• Adopt policies that create a climate of openness, support and respect.</li> <li>• Ensure that the standards of conduct and personal behaviour expected of Members and staff are upheld, and are defined and communicated through appropriate Codes of Conduct and Protocols.</li> <li>• Put in place arrangements to ensure that Members and employees are not influenced by prejudice, bias or conflicts of interest, and that appropriate procedures are in place for declaring and recording personal and/or prejudicial interests.</li> <li>• Adopt a policy for “whistle-blowing”</li> </ul>
Ensuring that organisational values are put into practice and are effective	<ul style="list-style-type: none"> <li>• Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with</li> <li>• Members, staff, the community and partners.</li> <li>• Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards.</li> <li>• Will review at least annually its existing governance arrangements against this Code of Corporate Governance.</li> <li>• Maintain and develop this Code to ensure its ongoing application and effectiveness.</li> <li>• Publish an annual governance statement that invites comments on compliance and any changes deemed necessary.</li> <li>• Develop and maintain an effective complaints procedure.</li> </ul>

**Principle Four - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

Decision making within a good governance framework is complex and challenging. It must further the organisation’s purpose and strategic direction and be robust in the medium and longer terms. To make such decisions, elected members must be well informed.

Members making decisions need the support of appropriate systems, to help to ensure that decisions are implemented and that resources are used legally and efficiently.

Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective.

The principles supporting this core principle and the action the council propose to take in relation thereto are as follows:

<b>Supporting Principles:</b>	<b>Ludlow Town Council will:</b>
Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.	<ul style="list-style-type: none"> <li>• Have democratic structures that are properly constituted to ensure clear accountability.</li> <li>• Respond positively to the findings and recommendation of auditors and put in place arrangements for the effective implementation of agreed actions.</li> <li>• Adopt a formal complaints procedure, which is easily accessible, effective and transparent.</li> <li>• Publicise proposed activities and decisions as a means of encouraging public engagement and constructive scrutiny of the Council's performance.</li> <li>• Maintain a Freedom of Information policy and act on requests for information in an efficient and timely manner.</li> <li>• Put in place arrangements to safeguard Members and employees against conflicts of interest and adopt appropriate procedures for recording declarations of interest for public inspection.</li> </ul>
Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs	<ul style="list-style-type: none"> <li>• Ensure that those making decisions for the Council are provided with information that is fit for purpose – relevant, timely and gives clear explanations of technical issues and their implications.</li> <li>• Ensure that proper professional advice is available in written format prior to decisions being taken on matters that have legal or financial implications, and that the advice given receives due consideration.</li> <li>• Make provision for Members and public questions at council meetings.</li> <li>• Publicise a schedule/calendar of meeting and circulate agenda papers to the press.</li> </ul>

Supporting Principles:	Ludlow Town Council will:
	<ul style="list-style-type: none"> <li>• Have regard to public representations, the outcome of any public consultations and/or the views expressed at Annual Town Meetings.</li> </ul>
Ensuring that an effective risk management system is in place	<ul style="list-style-type: none"> <li>• Ensure that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their jobs.</li> <li>• Develop appropriate risk assessment systems.</li> <li>• Employ an independent internal audit service.</li> <li>• Adopt appropriate health and safety policies and provide appropriate insurance cover for all council activities including public liability insurance cover.</li> <li>• Ensure that effective arrangements for whistle-blowing are in place.</li> </ul>
Authorities using their legal powers to the full benefit of the citizens and communities in their area	<ul style="list-style-type: none"> <li>• Actively recognise the limits of lawful activity placed on it by, for example, the ultra-vires doctrine, but also strive to utilise its powers to the full benefit of its community.</li> <li>• Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on Councils by public law.</li> <li>• Observe all specific legislative requirements placed upon it, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into its procedures and decision-making processes.</li> </ul>

### **Principle Five - Developing the capacity and capability of members and officers to be effective**

Effective local government relies on public confidence in elected members and officers. Good governance strengthens credibility and confidence in our public services.

Authorities need people with the right skills to direct and control them effectively. Governance roles and responsibilities are challenging and demanding, and elected members need the right skills for their roles. In addition, governance is strengthened by the participation of people with many different types of knowledge and experience.

Good governance means drawing on the largest possible pool of potential members to recruit people with the necessary skills. Encouraging a wide range of people to stand for election or apply for appointed positions will develop a membership that has a greater range of experience and knowledge. It will also help to increase the diversity of authority members in terms of age, ethnic background, social class, life experiences, gender and disability. This concept should also be borne in mind when members are appointed to the boards of other public service organisations.

The principles supporting this core principle and the action the council propose to take in relation thereto are as follows:

<b>Supporting Principles:</b>	<b>Ludlow Town Council will:</b>
Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles	<ul style="list-style-type: none"> <li>• Provide induction programmes tailored to individual needs and opportunities for</li> <li>• Members and Officers to update their knowledge on a regular basis.</li> <li>• Ensure that officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.</li> <li>• Maintain comprehensive and effective HR policies, including an Equalities policy.</li> </ul>
Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	<ul style="list-style-type: none"> <li>• Assess the skills required by Members and Officers and make a commitment to develop those skills to enable roles to be carried out effectively.</li> <li>• Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.</li> <li>• Ensure that effective arrangements are in place for reviewing performance and agreeing action, which might be needed, for example, to address any training or development needs.</li> </ul>
Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal	<ul style="list-style-type: none"> <li>• Ensure that effective arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council.</li> <li>• Publish the qualifying criteria, role and remuneration for councillors on the website to encourage new talent and representatives of all sections of the community to consider standing for election.</li> </ul>

### **Principle Six - Engaging with local people and other stakeholders to ensure robust public accountability**

Local government is accountable in a number of ways. Elected members are democratically accountable to their local area and this gives a clear leadership role in building sustainable communities. All members must account to their communities for the decisions they take and the rationale behind those decisions. The Council is subject to external review through the external audit of its financial statements. It is required to publish its financial statements and is encouraged to prepare an annual report. Both members and officers are subject to codes of conduct. Additionally, where a breach of the Code of Conduct may have occurred, an aggrieved person may appeal either to the Monitoring Officer and/or Standards Committee of Shropshire Council or direct to the Standards Board.

The principles supporting this core principle and the action the council propose to take in relation thereto are as follows:

<b>Supporting Principles:</b>	<b>Ludlow Town Council will:</b>
Exercising leadership through a robust scrutiny function which	<ul style="list-style-type: none"> <li>• Make clear to councillors, all staff and the</li> </ul>

<b>Supporting Principles:</b>	<b>Ludlow Town Council will:</b>
effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships	community to whom they are accountable and for what. <ul style="list-style-type: none"> <li>• Include details on the council’s website on the means by which local people and others can participate in council decisions and can call the Council to account.</li> <li>• Positively welcome complaints and constructive criticism as a means of improving service delivery.</li> </ul>
Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning	<ul style="list-style-type: none"> <li>• Ensure clear channels of communication are in place with all sections of the community and other stakeholders.</li> <li>• Hold meetings in public unless there are good reasons for confidentiality.</li> <li>• Provide the opportunity for citizens of Ludlow to have their say at all ordinary council meetings and at the Annual Town Meetings, which will be held primarily to listen to and respond to the public and other stakeholders.</li> <li>• Publish at least annually the Council’s vision, activities and achievements, together with its financial position and performance and invite feedback.</li> </ul>
Making best use of human resources by taking an active and planned approach to meet responsibility to staff	<ul style="list-style-type: none"> <li>• Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision-making.</li> <li>• Establish a joint consultative committee between Members and employees.</li> <li>• Identify the development needs of Members and employees and offer support by appropriate training</li> </ul>

**4. ANNUAL REVIEW AND REPORTING**

- 4.1 The council accepts that in order to comply with the principles of good governance it must undertake to ensure that systems and processes are continually monitored and reviewed, and are kept up to date.
- 4.2 An annual review of the Council’s Corporate Governance arrangements will be carried out using the guidance contained in the CIPFA/SOLACE Framework. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively or to identify action, which is planned to ensure effective governance in the future. The results of the review will take the form of an Annual Governance Statement prepared by the Town Clerk. It will be submitted to the Finance and General Purposes Committee and subsequently to Council for consideration and review.
- 4.3 The preparation and publication of the Annual Governance Statement will meet the statutory requirement of the Accounts and Audit Regulations, 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 a statement on internal control “in accordance with proper practices”. As such the Annual Governance Statement will be prepared in accordance with the timetable for the preparation of financial statements in accordance with the Audit and Accounts Regulations.