



BRIDGEND COUNTY BOROUGH COUNCIL

CODE OF CORPORATE GOVERNANCE

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

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1 Introduction

- 1.1 The Council is committed to the principles of good corporate governance. It has a duty to make proper arrangements for the governance of its affairs, secure continuous improvement in the way its functions are discharged and have robust arrangements in place for the management of risk. The development, adoption and continued implementation and monitoring of a Code of Corporate Governance confirms this commitment.
- 1.2 Good governance is about doing the right things, in the right way, for the right people in a timely, inclusive, open, and honest and accountable manner.
- 1.3 This Code describes the Council's understanding of corporate governance, and outlines the framework it has put in place to ensure that these arrangements are effective. The Code reflects a joint commitment by Members and senior managers to the principles it contains. This helps to ensure that the principles of corporate governance are not only fully embedded and cascaded throughout the Authority, but that they have the support of the Council, the Chief Executive and the Corporate Management Team.

2. Why adopt a Code of Corporate Governance?

- 2.1 Adopting a Code of Corporate Governance is another way in which the Council shows its recognition of the fact that effective local government relies upon establishing and maintaining the confidence of local people in both Elected Members and Council officials. Good corporate governance underpins credibility and confidence in the leadership and forms the foundation from which all Council services are provided.
- 2.2 Adopting, monitoring and complying with a Code of Corporate Governance helps enhance the Council's legitimacy and acknowledges the trust placed in the Council by local people.
- 2.3 Strong, transparent and responsive governance enables the Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens' confidence, these mechanisms must not only be sound, but also be seen to be sound.
- 2.4 Corporate governance comprises the framework within which the Council manages its business; this includes the Council's constitution, and the various procedure rules, codes and protocols contained therein. It also includes the systems and processes, and the culture and values by which the activities of the Council are directed and controlled, and how it accounts to and engages with its citizens. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

2.5 Overall adopting and committing to this Code of Corporate Governance provides a basis for a Council wide commitment to the way in which it intends fulfilling its role in leading and representing the community, providing opportunities for all and ensuring that there is a strong customer focus underpinning everything that the Council does.

3. What is Corporate Governance?

3.1 The Council has a key role in governing and leading our community. Effective local government relies on public confidence in Elected Members and Council Officers.

3.2 Effective systems of Corporate Governance provide confidence in public services.

3.3 Corporate Governance is a phrase used to describe how organisations direct and control what they do.

3.4 For local authorities this also includes how a Council relates to the communities that it serves.

3.5 Good Corporate Governance requires local authorities to carry out their services in a way that demonstrates accountability, openness and honesty.

4. Why do we need a Code of Corporate Governance?

4.1 Corporate Governance is important because it supports:

- Provision of high quality public services

Within the UK, governance weaknesses have sometimes led to significant failures in public services. High performing organisations, on the other hand, generally have effective governance arrangements.

- Raising public trust

The public's trust is increased when they perceive the quality of services that they and their families experience to be sound and when organisations are seen to be open and honest in communicating their performance and learning from their mistakes.

4.2 The Code of Corporate Governance is based upon the "Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE, 2016). The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities

must recognise the need to focus on the long term. Local authorities have responsibilities to more than their current electors as they must take account of the impact of current decisions and actions on future generations.

4.3 The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help Individual authorities with their approach to governance. Whatever forms of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework by:

- reviewing existing governance arrangements;
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness;
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

5. The Corporate Governance Principles.

5.1 The Framework is based on the following seven Core Principles:

Core Principle	Description
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the 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	Developing the entity'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 practice in transparency, reporting, and audit to deliver effective accountability.

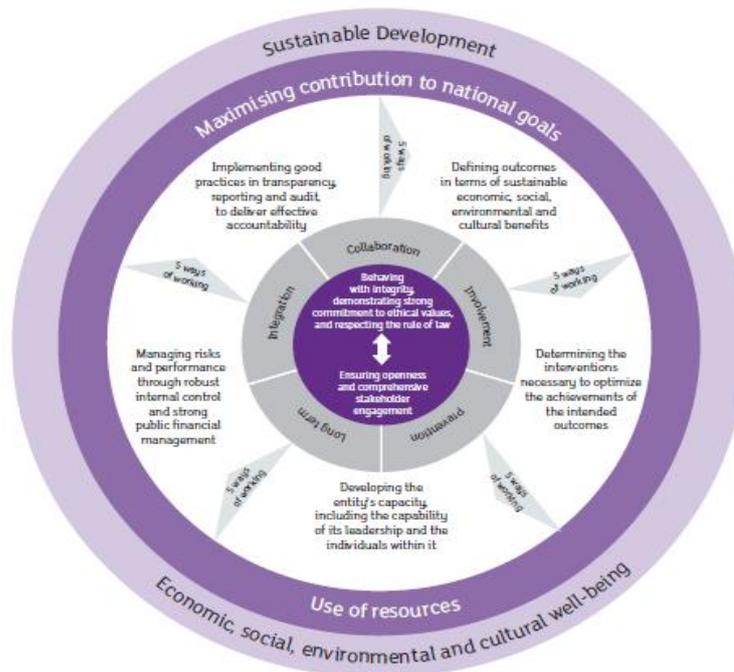
5.2 There are also a number of sub-principles below the seven. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out. It is also crucial that the Framework is applied in a way that demonstrates the

spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

6. The Corporate Governance Principles and the Well-being of Future Generations (Wales) Act 2015

- 6.1 The Act requires public bodies covered by the Act, including local government, to consider the longer term in making their decisions and to work collaboratively with other public bodies to improve wellbeing in Wales. The Act sets out seven well-being goals for public bodies and requires them to act in a sustainable way. It also sets out five ways of working that public bodies are required to take into account when applying sustainable development.
- 6.2 The Act is central to the Welsh Government’s long-term policy for the public services and its themes tie in with the *Delivering Governance in Local Government: Framework* (CIPFA/SOLACE, 2016). The Auditor General for Wales has set out a diagram (below) which brings together the International Framework with the requirements of the 2015 Act.

Well-being of Future Generations (Wales) Act 2015 and the International Framework



- 6.3 The diagram shows sustainable development as all encompassing. The core behaviours of:
- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
 - ensuring openness and comprehensive stakeholder engagement

need to be applied to the five ways of working. The five ways of working (underpinned by the core behaviours) have to permeate all segments of delivering outcomes, which in turn should ensure effective use of resources as public bodies maximise their contribution to the economic, social, environmental and cultural wellbeing of Wales.

- 6.4 Attached to this Code is a schedule that evidences how Bridgend County Borough Council complies with the Framework.

7. Monitoring and Review

- 7.1 Good corporate governance requires the active participation of Elected Members and Officers across the Council. These arrangements will be reviewed on an annual basis and the findings of this work will be reported in the Annual Governance Statement. This will help ensure the continuous improvement of the Council's Corporate Governance culture.

- 7.2 The adoption and maintenance of an up to date Code of Corporate Governance, including arrangements for ensuring its implementation and ongoing application is an important part of the process.

- 7.3 The Audit Committee is responsible for monitoring and reviewing the Governance arrangements as described in this Code.

- 7.4 Through that Committee, the Council will ensure that these arrangements are kept under continual review. This will include consideration of :

- The work undertaken by internal audit;
- Reports prepared by managers with responsibility for aspects of this Code;
- Reports and opinions expressed by external auditors
- Reports of other regulatory bodies and Inspectorates.

8. The Annual Governance Statement

- 8.1 Each Year the Council will publish an Annual Governance Statement (AGS) which is signed by the Leader of the Council and the Chief Executive.

- 8.2 This will provide an overall assessment of the Council's Corporate Governance arrangements and an appraisal of the controls in place to manage the Council's key risks.

- 8.3 The AGS will also provide details of where improvements need to be made.

- 8.4 The AGS will be reviewed by Corporate Management Board and approved by the Audit Committee.

- 8.5 The AGS will be published as part of the Council's Annual Statement of Accounts and will be reviewed by our External Auditors.