



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

CODE OF CORPORATE GOVERNANCE

Report of the Chief Fire Officer

Agenda Item No:

Date: 23 May 2008

Purpose of Report:

To present to Members the draft Code of Corporate Governance, and to recommend its adoption.

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1. BACKGROUND

- 1.1 Corporate Governance as an issue came to prominence following the Cadbury Report in 1992, which was commissioned as a result of the Maxwell Pension and BCCI scandals. The Cadbury Report identified the principles of good governance as integrity, openness and accountability. The report was the first of several on corporate governance in the private sector.
- 1.2 A series of reports from the Committee on Standards in Public Life (the Nolan Committee) addressed the issue of corporate governance in the public sector and the third report of the Committee in 1997, which looked at local government, identified seven principles of public life – ie: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- 2.3 The Local Government Act 2000 took the position in local government a stage further by introducing new frameworks for community leadership, accountability and ethics, and identifying ten principles of conduct to underpin the Member Code of Conduct

2. REPORT

- 2.1 The Cadbury Report defined corporate governance for the private sector as “the system by which organisations are directed and controlled”. Subsequently work by CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives and Senior Managers) defined corporate governance for local authorities as “the system by which local authorities direct and control their functions and relate to their communities”.
- 2.2 The Audit Commission have defined corporate governance in a recent report on corporate governance in the public services as “the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions, and lead and control their functions, to achieve their objectives”.
- 2.3 The Audit Commission identified the elements of good corporate governance as including robust systems and processes, effective leadership and high standards of behaviour, a culture based on openness and honesty, and an external focus on the needs of service users and the public.

- 2.4 In 2001 CIPFA and SOLACE, jointly with the Local Government Association and the Audit Commission, set up a Corporate Governance Working Party to draw together the principles identified by Cadbury, Nolan and other work, into a single framework of corporate governance for use in local authorities. They subsequently published a document providing guidance on corporate governance in local government and a framework to be followed as best practice for implementing corporate governance in individual authorities.
- 2.5 The Guidance and Framework identified three key principles that underpin good governance:
- Openness and inclusivity;
 - Accountability;
 - Integrity.
- 2.6 The Guidance and Framework then identified five dimensions of local authorities' work to which these principles should be applied:
- Community focus;
 - Service delivery arrangements;
 - Structures and processes;
 - Risk management and internal control;
 - Standards of conduct.
- 2.7 CIPFA/SOLACE then urged each local authority to:
- Review existing corporate governance arrangements against the Framework;
 - Prepare, adopt and maintain an up-to-date local code of corporate governance, including arrangements for ensuring its implementation and ongoing application;
 - Make a statement annually in its financial statements on how the authority is complying with its local code, including how it has monitored the effectiveness of its corporate governance arrangements in the year and any planned changes in the coming period.
- 2.8 The principles and advice in the CIPFA/SOLACE Guidance and Framework have been adopted widely by individual local authorities and incorporated into External Auditors' Judgements and Comprehensive Performance Assessments. As the Authority was only formed in 1998, many of the processes which make up the framework of corporate governance have only recently been put into place. What has never happened however, is for these to be reviewed or benchmarked against the independent guidelines published by CIPFA and SOLACE.

- 2.9 The draft code of Corporate Governance attached at Appendix A and sets out the expectations of the CIPFA/SOLACE guidelines under each of the five dimensions, and considers what the Authority would need to commit to in order to meet these expectations.
- 2.10 This draft Code was presented to the Policy and Strategy Committee on 2 May 2008 and is now presented to the Authority for formal adoption. The Code will need to be reviewed annually, which the Guidance suggests should be the subject of report to "an appropriate Committee", the aim being to provide a separate, independent, check on compliance with the Code. It is suggested that the Policy and Strategy Committee should be requested to undertake this annual review and advise the Authority of the outcome.
- 2.11 The CIPFA/SOLACE Guidance recommends that each Authority should provide an annual assurance that its corporate governance arrangements are adequate and operating effectively in practice and that such a statement should be signed by the Chairman and the Chief Fire Officer. This will be a matter for attention in the light of the annual review referred to in Paragraph 2.10 above.

3. FINANCIAL IMPLICATIONS

Any costs associated with Member development will be contained within current budgets for Elected Member training.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no specific human resources or learning and development implications arising from this report.

5. EQUALITY IMPACT ASSESSMENT

An initial Equality Impact Assessment has been undertaken and is attached as Appendix B.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. RISK MANAGEMENT IMPLICATIONS

Compliance with the CIPFA/SOLACE Framework on Corporate Governance will demonstrate to stakeholders and future CPA/CAA inspectors, that the organisation has the correct governance structure in place to demonstrate that it has operated on a sound decision making process that can exhibit that it is 'fit for purpose' in both organisation and structural terms.

8. RECOMMENDATIONS

That Members endorse and formally adopt the Code of Corporate Governance.

9. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Frank Swann
CHIEF FIRE OFFICER



NOTTINGHAMSHIRE
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**NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE
AND RESCUE AUTHORITY**

LOCAL CODE ON CORPORATE GOVERNANCE

AIMS OF THE LOCAL CODE ON CORPORATE GOVERNANCE

Nottinghamshire and City of Nottingham Fire and Rescue Authority and its Officers are committed to ensuring that it has an excellent system of corporate governance. The Authority embraces the principles of good governance: openness, inclusivity, integrity and accountability.

The Authority is dependent on its Members and officers in delivering excellent corporate governance, and requires them to conduct themselves in accordance with the high standards expected by the citizens of Nottinghamshire. The Service will respond positively to the recommendations of external audit and statutory inspectors and implement agreed actions effectively.

AIMS

The Authority is committed to delivering excellent corporate governance in all aspects of its work, including:

1. Focusing on the community

The Authority and its Officers will:

- Work for and with our communities;
- Exercise leadership in our local communities;
- Contribute to and promote the well-being of our communities.

2. Arrangements for service delivery

The Authority and its Officers will:

- Aim to improve its services to local communities;
- Ensure that its policies are implemented;
- Act upon its decisions.

3. The structures and processes in place

The Authority and its Officers will maintain effective political and managerial structures and processes to govern decision making and the exercise of authority within the organisation.

4. Managing risk and establishing internal control

The Authority and its Officers will establish and maintain a strategy, framework and processes to manage risk and demonstrate effective internal control.

5. Maintaining standards of conduct

The Authority will work to ensure that high standards of behaviour are shown by its Members, officers and agents. The Service has drawn together a detailed framework for establishing excellent corporate governance as set out in this statement. Compliance with the framework will be monitored each year and reported to the Policy and Strategy Committee.



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LOCAL CODE ON CORPORATE GOVERNANCE

LOCAL CODE ON CORPORATE GOVERNANCE

Nottinghamshire and City of Nottingham Fire and Rescue Authority is committed to ensuring that it has an excellent system of corporate governance and embraces the core principles of good governance:

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

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. By publishing this Local Code on Corporate Governance the Authority is demonstrating its commitment to achieving these aims.

The Authority, in embracing the core principles, will contribute to leadership for Nottinghamshire by providing a vision for our Fire and Rescue Service and leading by example in the way it makes decisions, and implements those decisions.

The Authority will produce an annual governance statement in order to report publicly on the extent to which it complies with the core principles including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period. This complies with regulation 4(2) Accounts and Audit regulations.

The Services Chief Fire Officer will be responsible for overseeing the implementation and monitoring of the Local Code on Corporate Governance, reviewing its operation in practice and recommending any changes that may be necessary to maintain it and ensure its effectiveness in practice. The Chief Fire Officer and Strategic Directors will be responsible for ensuring that officers in

their departments are aware of and embrace the principles of good corporate governance set out in this Code.

The core principles have been translated into a framework which seeks to ensure that they are fully integrated in the conduct of the Service's business and establishes a means of demonstrating compliance. The framework is based on the SOLACE/CIPFA 2007 publication "Delivering Good Governance in Local Government".

The authority will respond positively to the recommendations of external audit and statutory inspectors in respect of corporate governance and implement agreed actions effectively.

THE CORE PRINCIPLES - FRAMEWORK

1. Focusing on the purpose of the service and on outcomes for the community and creating and implementing a vision for the local area, by:

a. Exercising strategic leadership by developing and clearly communicating the Service's purpose and vision and its intended outcomes for citizens and service users. To achieve this, the Authority will:

- i) Develop and promote the Service's purpose and vision
- ii) Review on a regular basis the Service's vision for the local area and its implication for the Service's governance arrangements
- iii) Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners
- iv) Produce an annual report to coincide with the Statement of Accounts, by the 30 June each year

b. Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning. To achieve this, the Authority will:

- i) 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.
- ii) Put in place effective arrangements to identify and deal with failure in service delivery.

c. Ensuring that the Authority makes best use of resources and that tax payers and service users receive excellent value for money. To achieve this, the Authority will:

- i) Carry out works to achieve at least a "3" for Value for Money in any future CPA assessment

Examples of how the Authority could demonstrate its commitment to this core principle:

- Local Code on Corporate Governance;
- Partnership protocols;
- Local area agreements;
- Annual financial statements;
- Annual business plan;
- Performance management framework;
- Customer Comments Procedure.

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles, by

- a. Ensuring effective leadership throughout the Service and being clear about the boundaries that exist between Officer and Members functions and of the roles and responsibilities of the scrutiny function. To achieve this, the Authority will:
 - i) Set out a clear statement of the respective roles and responsibilities of the Strategic Management Team (SMT) and of SMTs Members individually and the Service's approach towards putting this in to practice.
 - ii) Set out a clear statement of the respective roles and responsibilities of other Officers and Members generally.

- b. Ensuring that a constructive working relationship exists between Council Members and officers and that the responsibilities of Members and officers are carried out to a high standard. To achieve this, the Authority will:
 - i) Determine a scheme of delegation and reserve powers within the Members Handbook including a formal schedule of those matters specifically reserved for collective decision of the Authority, taking account of relevant legislation, and ensure that it is monitored and updated when required.
 - ii) Make the Chief Fire Officer responsible and accountable to the Authority for all aspects of operational management.
 - iii) Develop protocols to ensure that the Chair of the Fire Authority and Chief Fire Officer negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.
 - iv) Make the Authorities Section 151 Officer responsible to the Authority 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.
 - v) Make the Clerk to the Fire Authority responsible to the Authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

- c. Ensuring relationships between the Authority, its partners and the public are clear so that each knows what to expect of the other. To achieve this, the Authority will:
 - i) Develop protocols to ensure effective communication between Members and officers in their respective roles

- ii) Set out the terms and conditions for remuneration of Members and officers and an effective structure for managing the process, including an effective remuneration panel
- iii) Ensure that effective mechanisms exist to monitor service delivery
- iv) Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated
- v) When working in partnership, ensure that Members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Authority
- vi) When working in partnership ensure that there is clarity about the legal status of the partnership and ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions

Examples of how the Service could demonstrate its commitment to this core principle:

- The Authorities Standing Orders;
 - Records of decisions and supporting materials;
 - Conditions of employment;
 - Scheme of delegation;
 - Job descriptions/specification;
 - Member/officer protocol;
 - Corporate plans;
 - Budgets;
 - Protocols for partnership working including an assessment toolkit and exit strategies.
- 3. Promoting values for the Service and demonstrating the values of good governance through upholding high standards of conduct and behaviour, by**

- a. Ensuring the Authorities Members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance. To achieve this, the Authority will:
 - i) Ensure that the Authorities leadership sets a tone for the organisation by creating a climate of openness, support and respect
 - ii) Ensure that standards of conduct and personal behaviour expected of Members and officers, of work between Members and officers and between the Authority, its partners and the community are defined and communicated through codes of conduct and protocols

- iii) Put in place arrangements to ensure that Members and officers 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
- b. Ensuring that organisational values are put into practice and are effective. To achieve this the Authority will:
- i) Develop and maintain shared values including leadership values for both the Authority Members and officers reflecting public expectations, and communicate these with Members, officers, the community and partners
 - ii) 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
 - iii) Develop and maintain an effective Standards Committee
 - iv) Use the organisations shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority
 - v) 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

Examples of how the Service could demonstrate its commitment to this core principle:

- Codes of conduct;
- Performance appraisal;
- Customer Comments procedures;
- Anti-fraud and –corruption policy;
- Standing Orders;
- Financial Regulations;
- Regular reporting to Full Authority;
- Decision-making practices;
- Gifts and hospitality policy;
- Protocols for partnership working.

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk, by

- a. Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny. To achieve this the Authority will:
 - i) Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Authorities performance overall
 - ii) Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based
 - iii) Put in place arrangements to safeguard Members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice
 - iv) Develop and maintain an effective Performance Committee which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee
 - v) Ensure that effective, transparent and accessible arrangements are in place for dealing with Customer comments

- b. Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs. To achieve this the Authority will:
 - i) Ensure that those making decisions for the Authority are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications
 - ii) Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately

- c. Ensuring that an effective risk management system is in place. To achieve this the Authority will:
 - i) Ensure that risk management is embedded into the culture of the Authority, with Members and Officers at all levels recognising that risk management is part of their jobs
 - ii) Ensure that effective arrangements for whistleblowing are in place to which officers, staff and all those contracting with or appointed by the Authority have access

- d. Using their legal powers to the full benefit of the citizens and communities in their area. To achieve this the Authority will:
 - i) Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise their powers to the full benefit of their communities

- ii) Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on authorities by public law
- iii) Observe all specific legislative requirements placed upon them, 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 their procedures and decision-making processes

Examples of how the Service could demonstrate its commitment to this core principle:

- Members' code of conduct;
- Training for committee Members;
- Publication of SMT and PaCT meetings within the service;
- Customer Comments procedure;
- Risk management protocol;
- Standing orders and financial regulations;
- Whistleblowing policy;
- Monitoring officer provisions.

5. Developing the capacity and capability of members and officers to be effective, by

- a. Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles. To achieve this the Authority will:
 - i) Provide induction programmes tailored to individual needs and opportunities for Members and officers to update their knowledge on a regular basis
 - ii) Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council
 - iii) Achieve Members charter status and undertake actions to maintain this status. As detailed in the IDeA/LGEM regional councillor development charter.
- b. Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group. To achieve this the Authority will:
 - i) Assess the skills required by Members and officers and make a commitment to develop those skills to enable roles to be carried out effectively
 - ii) 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
 - iii) Ensure that effective arrangements are in place for reviewing the performance of the Strategic Management Team as a whole and of individual Members and agreeing an action plan which might, for example, aim to address any training or development needs

- c. 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. To achieve this the Authority will:
 - i) Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Authority
 - ii) Ensure that career structures are in place for Members and officers to encourage participation and development

Examples of how the Service could demonstrate its commitment to this core principle:

- Training and development plans;
- Induction programme;
- Personal development reviews;
- Update courses/information;
- Succession planning;
- Provision and maintenance of the Members' Handbook.

6. Engaging with local people and other stakeholders to ensure robust public accountability, by

- a. Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships. To achieve this the Authority will:
 - i) Make clear to themselves, all officers and the community to whom they are accountable and for what
 - ii) Consider those institutional stakeholders to whom the Authority is accountable and assess the effectiveness of the relationships and any changes required
 - iii) Produce an annual report on the activity of the scrutiny function
- b. 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. To achieve this the Authority will:
 - i) Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively
 - ii) Hold meetings that are open to the public unless there are good reasons for confidentiality
 - iii) Ensure that arrangements are in place to enable the Authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the

community have different priorities and establish explicit processes for dealing with these competing demands

- iv) Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result
 - v) On an three year basis, publish a community safety plan which will be updated annually, giving information on the Authorities vision, strategy, plans and as well as information about its outcomes achievements the in the previous period
 - vi) Ensure that the Authority as a whole is open and accessible to the community, service users and its officers and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so
- c. Making the best of human resources by taking an active and planned approach to meet responsibility to officers. To achieve this the Authority will:
- i) Develop and maintain a clear policy on how officers and their representatives are consulted and involved in decision making

Examples of how the Service could demonstrate its commitment to this core principle:

- Annual scrutiny report;
- Partnership framework;
- Community Safety plan and annual updates;
- Standing Orders.

INITIAL EQUALITY IMPACT ASSESSMENT

Appendix B

<i>Section</i>	<i>Manager</i>	<i>Date of Assessment</i>	<i>New or Existing</i>
Command Suite	Mark Mortimore	10 April 2008	New
Name of Report to be assessed		Code of Corporate Governance	
1. Briefly describe the aims, objectives and purpose of the report.	The purpose of this report is to present to Members the draft Code of Corporate Governance, and to recommend its adoption.		
2. Who is intended to benefit from this report and what are the outcomes?	The organisation and Members of the CFA through better governance and the need to report against a robust framework.		
3. Who are the main stakeholders in relation to the report?	Officer and Members.		
4. Who implements and who is responsible for the report?	The Strategic Support Officer under guidance from senior managers across the organisation.		

5. Please identify the differential impact in the terms of the six strands below. Please tick yes if you have identified any differential impacts. Please state evidence of negative or positive impacts below.

<i>STRAND</i>	Y	N	<i>NEGATIVE IMPACT</i>	<i>POSITIVE IMPACT</i>
Race		✓		
Gender		✓		
Disability		✓		
Religion or Belief		✓		
Sexuality		✓		
Age		✓		

6. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group?	Y	N	7. Should the policy/service proceed to a full impact assessment?	Y	N

I am satisfied that this policy has been successfully impact assessed. I understand the impact assessment of this policy is a statutory obligation and that, as owners of this policy, we take responsibility for the completion and quality of this process.

Signed (completing person) Mark Mortimore

Date 10 April 2008