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# Part 5f - Code of governance

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## 1 Introduction

1.1 Corporate governance is a term used to describe how organisations direct and control what they do, as well as systems and processes, including culture and values. It provides structure through which strategic objectives are set and performance monitored.

1.2 This Code of Corporate Governance sets out the principles of good governance and what arrangements the Council has in place to ensure that it conducts its business in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

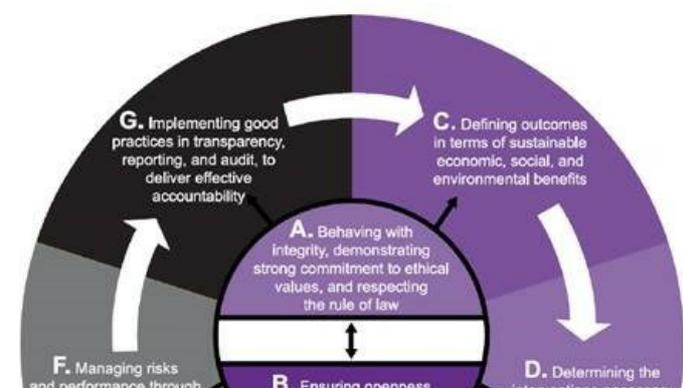
1.3 It also identifies arrangements for monitoring and the responsibilities in relation to the code and will be used annually to produce the Council's Annual Governance Statement.

## 2 Good governance in local government - the CIPFA / SOLACE Governance Framework

2.1 To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and subprinciples contained in a recognised framework. This Code is based on best practice guidance set out in 'Delivering Good Governance in Local Government Framework' 2016 Edition produced by Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executive's (SOLACE) – namely the CIPFA / SOLACE Governance Framework.

2.2 Below is a diagram outlining the main principles of the CIPFA / SOLACE Framework. It shows how the principles relate to each other, that good governance is dynamic and that the organisation as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review. A full explanation of the CIPFA / SOLACE Framework is included as appendix to this Code.

2.3 The Council's own governance framework and how it addresses the main principles of the CIPFA/SOLACE framework is set out in Section 6 of this Code.



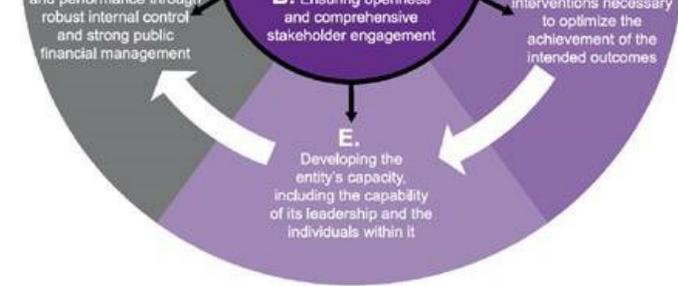


Diagram outlining the main principles of the CIPFA / SOLACE Framework.

## 3 Monitoring and review

3.1 The Council has a number of bodies that are responsible for monitoring and reviewing the various aspects of the Council's corporate governance arrangements and the documents in its Governance Framework.

3.2 An Audit Committee is in place which provides a mechanism for effective assurance regarding risk management and the internal control environment. The Audit Committee is a committee of the Council and is responsible for the Council's arrangements relating to:

- Monitoring and reviewing the risk, control and governance processes and associated assurance processes to ensure internal control systems are effective and that policies and practices are in compliance with statutory and other regulations and guidance;
- External audit
- Internal audit
- Risk management
- Reviewing the effectiveness of internal audit.

3.3 The Standards Committee has responsibility for promoting high ethical standards across the Council, overview of the Member and Officer Codes and other relevant protocols.

3.4 These two committees will keep their obligations regarding their governance arrangements under continual review through:

- Reports prepared by officers with responsibility for aspects of this Code;
- Monitoring best practice in the sector
- Feedback from relevant stakeholders for the committees
- The work on Internal Audit;
- External Audit opinion.

3.5 The Scrutiny Leadership Board is the co-ordinating and overseeing body of the scrutiny process. It has a duty to review of key scrutiny policies and documents including the role descriptions related to scrutiny and relevant protocols which form part of the Constitution. It also has oversight of key corporate cross-cutting strategies and plans, including the Council Plan and overarching performance against those strategies and plans.

3.6 It also has a key role in relation to highlighting issues it comes across regarding governance and assurance and includes the Chair of Audit to help develop the relationship between scrutiny and audit.

3.7 The Shareholder Committee has the role to seek assurance from each wholly owned company on behalf of the Council in its role as shareholder, that there are appropriate controls in place for good governance and risk management matters.

3.8 The Council ultimately has responsibility for governance and in particular its constitution.

3.9 The officer Good Governance Group is responsible for preparing the Annual Governance Statement and monitoring the resultant action plan and overseeing this Code and its operation.

3.10 The Corporate Leadership Team is responsible for overseeing the day to day management of the Council and ensuring good governance practices are in place across directorates.

## 4 Responsibilities

4.1 Corporate governance and good governance is everyone's responsibility. There is however a number of specific individual responsibilities in relation to the implementation, monitoring and review of the Code and activities associated with the production of the annual governance statement. These are outlined below.

4.2 The Chief Executive and the Leader will be responsible for:

- championing and role modelling good governance, in the spirit of this Code.

4.3 The Chair of the Audit Committee will be responsible for:

- setting the committee's tone, work style and agenda to enable the committee to operate effectively, seek assurance and to hold those charged with governance to account
- being accountable to Council in regard to the work of the committee by way of annually reporting.

4.4 The Monitoring Officer will be responsible for:

- chairing the officer Good Governance Group
- reviewing the operation of the Code and advising on any changes that may be necessary to maintain it and ensure its effectiveness in practice
- reviewing and updating the Code of Governance as necessary
- undertaking an annual review of the Code, to provide assurance on the extent of compliance with it.

4.5 The Head of Audit and Risk will be responsible for:

- reporting annually to the Audit Committee on audit activities during the year, with particular emphasis on the systems of internal control and the arrangements for corporate governance, providing some of the assurance required in the Annual Governance Statement.

## 5 The Annual Governance Statement

5.1 Each year the Council will publish an Annual Governance Statement in accordance with the Accounts and Audit (England) Regulations 2015 which sets out details of the extent to which the Council is complying with this Code of Governance.

5.2 This process is managed by the officer based Good Governance Group and will provide an overall assessment of the Council's corporate governance arrangements and an appraisal of the key controls in place to manage the Council's principal governance risks, together with proposed improvements that will be made. The Annual Governance Statement review will also include input from a selection of elected members from the bodies referred to in section 3 above.

5.3 Part of this process includes the development of an action plan to address specific corporate governance improvements. The Audit Committee will approve the action plan and seek assurance from the Council's Monitoring Officer and Good Governance Group throughout the year that the action plan is on target to be delivered.

5.4 Corporate governance improvements delivered by the Council will be reported through the Annual Governance Statement process.

5.5 An Annual Audit Opinion will also seek to determine whether sufficient assurance work was undertaken to provide a reasonable conclusion on the adequacy and effectiveness of the control environment and that the overall control environment at the Council is adequate.

## 6 The Council's Governance Framework

6.1 As set out earlier, the Council's Governance Framework is based on the 7 principles in the CIPFA/ SOLACE Framework. To achieve and maintain good governance, the Council will seek to apply each of the seven core principles in the following way, encompassing thematic governance strands:

- Behaving with integrity - Doing the right thing in the right way
- Ensuring openness and engagement - Sharing information and inviting participation
- Defining outcomes - Having realistic priorities for what we can and should achieve
- Determining effective interventions - Considering the options and taking informed decisions
- Managing risk and performance - Ensuring that we can implement our plans
- Developing capacity - Getting the best out of our resources and our people
- Effective accountability - Ensuring our processes are clear, robust, and open to review.

**Principle A:** Behaving with integrity, demonstrating strong commitment to ethical values and respecting the law (Doing the right thing in the right way).

This principle will cover the governance strands of:

- Code of Conduct and Behaviours

- Organisation Culture; and
- Ethical and Responsible Governance

**Principle B:** Ensuring openness and comprehensive stakeholder engagement (Sharing information and inviting participation).

This principle will cover the governance strands of:

- Commitment to Openness, Communication and Consultation; and
- Partnership and Joint Working

**Principle C:** Defining outcomes in terms of sustainable economic, social and environmental benefits (Having the right priorities for what we can and should achieve).

This principle will cover the governance strand of area of ‘Developing, Communicating and Translating the Vision’.

**Principle D:** Determining the interventions necessary to optimise the achievement of the intended outcomes (Considering the options and taking informed decisions)

This principle will cover the governance strand of ‘Performance Management’.

**Principle E:** Developing the entity’s capacity, including the capability of its leadership and the individuals within it (Getting the best out of our resources and people)

This principle will cover the governance strands of:

- Roles and Responsibilities; and
- Learning and Development

**Principle F:** Managing risks and performance through robust internal control and strong public financial management (Ensuring that we can implement our plans):

This principle will cover the governance strands of:

- Risk Management
- Financial Management; and
- Counter Fraud and Corruption Arrangements

**Principle G:** Implementing good practices in transparency, reporting, and audit to deliver accountability (Ensuring our processes are clear, robust and open to review)

This principle will cover the governance strands of:

- Decision Making
- Compliance with Relevant Laws, Regulations, Internal Policies and Procedures
- Audit Arrangements; and
- Scrutiny Arrangements

## Appendix - CIPFA / SOLACE Framework

Principle	Description
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Councils are accountable for how much they spend and how they use the resources under their stewardship. They have an overarching responsibility to serve the public interest in adhering to legislation and government policies. It is essential that they can demonstrate the appropriateness of their actions and have the mechanisms in place to encourage and enforce ethical values and respect for the law.
Principle B:	

Ensuring openness and comprehensive stakeholder engagement	Local government is run for the public good. Councils should therefore should ensure openness in its activities. Clear, trusted channels of communication, involvement and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as key stakeholders. A separate Partnership Governance Framework will assist in achieving this.
Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits	The long-term nature and impact of many of the Council’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further its purpose, contribute to intended benefits and outcomes and remain within the limits of authority and resources. Input from all groups of stakeholders is vital to the success of this process and in balancing not only competing demands when determining priorities for the finite resources available but also the impact of economic regeneration with the climate change agenda.
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. Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. It needs robust decision-making mechanisms to ensure that its defined outcomes can be achieved in a way that provides the best balance between the various types of resource inputs, while still enabling effective and efficient operations.
Principle E: Developing the organisation’s capacity, including the capability of its leadership and the individuals within it	<p>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 their intended outcomes within specified periods. The Council 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 necessary operational capacity. Both individuals and the environment in which the Council operates will change over time, therefore there will be a continuous need to develop its capacity as well as the skills and experience of the Council’s leaders both at officer and elected member level.</p> <p>The Council ensures that the necessary roles and responsibilities are identified and allocated so that it is clear who is accountable for the decisions that are made.</p>
Principle F: Managing risks and performance through robust internal control and strong public financial management	<p>The Council needs to ensure that its 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 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.</p> <p>It is also essential that a culture and structure for scrutiny is 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 delivery.</p>
Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability	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 Council plans and carries out its activities in a transparent manner. Both internal and external audit contribute to effective accountability.

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