

Code of Corporate Governance

Introduction

'Corporate governance' describes how an organisation directs and controls what it is accountable for. This Code of Corporate Governance is a public statement setting out Sheffield City Region Mayoral Combined Authority (SCR MCA) and the Sheffield City Region Local Enterprise Partnership's (SCR LEP) commitment to good governance and how the principles of good governance will be fulfilled in practice.

By governance, we mean the arrangements that are put in place to ensure that our intended outcomes (the results of our activity) are defined and achieved. Our Governance Framework comprises the systems and processes, cultures and values, by which we direct and control our activities. This framework ensures we operate effectively, efficiently and ethically.

To demonstrate good corporate governance, we will carry out our functions in a way that shows accountability, transparency, effectiveness, integrity, and inclusivity. Good governance is about making sure we do the right things, in the right way for the right people, in a timely, inclusive, open, honest and accountable manner and will enable us to pursue our vision and deliver our agreed objectives in the most effective and efficient manner, bringing about better outcomes for the residents, businesses and visitors to the City Region.

Our business will also be conducted in accordance with the Seven Principles of Public Life identified in The Nolan Committee Report (1995) ¹ and in accordance with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

This Code will be reviewed annually to ensure it continues to be relevant and fit for purpose. The effectiveness of the governance arrangements and internal control systems described in this Code will also be reviewed annually and the review outcomes published in an Annual Governance Statement (AGS). The AGS will describe the governance structures and arrangements in place and will report on their effectiveness, including performance against the Code. It will also highlight any significant areas for improvement and identify actions to be taken to address them in the forthcoming year.

Governance Principles

We have mapped our Governance Framework against the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework ***Delivering Good Governance in Local Government 2016***. These principles are dynamic and involve continuous evaluation, review and improvement. The following sections describe how we fulfil the requirements of the seven principles.

The Principles of Good Governance

1. **Good governance means ensuring Officers behave with integrity, demonstrate a strong commitment to ethical values and respect for the rule of the law**

The SCR MCA reflects the values and high standards of conduct and behaviour of its constituent and non-constituent local authorities. These high standards are supported by Codes of Conduct for Members and Officers, which are incorporated into the SCR MCA Constitution, and set out the standards required of all members, co-opted members and officers in carrying out their duties. These Codes include, as a general obligation, that members must have regard to the Principles of Public Life as identified in the Nolan Committee Report (1995). Protocols in relation to the disclosing of interests at meetings and the registering of interests both pecuniary and non-pecuniary are also included in this section of the Constitution. These declarations are published on the website.

¹ selflessness; integrity; objectivity; accountability; openness; honesty; and leadership.

The Constitution also describes the delegations to the Monitoring Officer in relation to their contribution to the promotion and maintenance of high standards of conduct.

The Overview and Scrutiny Committee and Audit and Standards Committee holds the SCR MCA and SCR LEP to account and provides a 'check and balance' in relation to the discharge of duties.

The Constitution outlines the approach taken by the SCR MCA in dealing with the threat of fraud and corruption as well as detailing a Fraud Response Plan. In addition, the SCR MCA's commitment to openness, probity and accountability is also outlined in its Whistleblowing Policy. The Constitution also outlines the responsibilities of members to notify the Monitoring Officer regarding the receipt of gifts or hospitality.

The SCR LEP has in place a Code of Conduct and Declarations of Interest Policy which sets out the standards which are required of members of the LEP in carrying out their duties, and in their relationships with the MCA and its officers. In line with the MCA, the Code of Conduct includes a general obligation that members must have regard to the Principles of Public Life as identified in the Nolan Committee Report (1995) and also to the Cabinet Office Code of Conduct for Board Members of Public Bodies. The Declarations of Interests Policy also sets out protocols in relation to the disclosing of interests at meetings and the registering of interests both pecuniary and non-pecuniary. The LEP also has in place a Confidential Complaints Process and a Whistleblowing Procedure.

As the Accountable Body the MCA is committed to ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

Standard contract clauses stating compliance with applicable laws relating to anti-bribery, anti-corruption, human rights, human trafficking and counter terrorism, information laws and environmental regulations are included in MCA contracts with all external providers of services.

The MCA will strive to attain and optimise the use of full powers available for the benefit of citizens, communities and other stakeholders.

2. Good governance means ensuring openness and comprehensive stakeholder engagement

The SCR MCA and LEP recognise that they have been established for the public good and should therefore ensure openness in their activities. The MCA and LEP therefore aim to ensure clear, trusted channels of communication are used to engage effectively with their stakeholders.

The MCA and LEP do this by:

- Documenting and demonstrating SCR's commitment to openness through, but not limited to, the publishing of agendas and minutes and of Codes of Conduct and through publicly held MCA meetings
- Establishing clear channels of communication and effective engagement with all stakeholders, encouraging consultation and collaboration.
- Incorporating good governance arrangements into partnerships and other joint working.
- Ensuring public records and explanations to stakeholders include clear reasoning and evidence for decisions made.
- Consulting appropriately to determine effective interventions and courses of action.
- Providing clear justification regarding any information or decisions that require confidentiality.

Where appropriate the MCA and LEP seek to:

Encourage, collect and evaluate the views and experiences of communities, citizens and service users and organisations of different backgrounds.

Implement effective feedback mechanisms in order to demonstrate how views have been taken into account.

Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.

3. Good governance means outcomes are defined in terms of sustainable economic, social and environmental benefits

The SCR MCA and LEP recognise that the long-term nature and impact of any actions mean that planned, defined and sustainable outcomes are vital, and decisions made should further the organisations' aims and contribute to intended benefits and outcomes.

In order to ensure this the SCR MCA and LEP:

- Have in place a formal statement, in the form of a Strategic Economic Plan (SEP) that describes the vision for the City Region and sets out purpose and intended outcomes of the MCA and LEP.
- Identify and manage the risks to the achievement of outcomes.
- Appraise schemes seeking investment against a robust set of criteria that consider and balance the combined economic, social and environmental impact of policies and plans where appropriate.

4. Good governance means determining the interventions necessary to optimise the achievement of the intended outcomes

The SCR MCA and LEP are committed to ensuring robust decision-making mechanisms and processes are in place that enable decision-makers to be fully informed and confident that decisions made take into account the needs and ambitions of the City Region, and that defined outcomes can be achieved.

In order to achieve this, as accountable body, the SCR MCA:

- Ensures decision makers receive timely, objective and robust information on which to base decisions along with an analysis of a variety of options and an outline of the risks involved.
- Ensures, as appropriate, that the views of stakeholders are considered in the decision-making process.
- Has established and implemented robust planning and control cycles for strategic and operational plans.
- Ensures decision making arrangements are robust but flexible enough to adapt to changing circumstances.
- Ensures commissioned schemes/investments made are measured against defined outcomes and that they represent the best use of resources and value for money.
- Ensures there is sufficient capacity/resource to generate the information required to review and monitor the performance of schemes/investments made.
- Uses realistic estimates of revenue and capital expenditure to inform medium and long term resource planning in order to develop a sustainable funding strategy.
- Ensures the achievement of 'social value' through planning and commissioning.
- Engages with internal and external stakeholders in determining how courses of actions should be planned and delivered.

5. Good governance means developing the entity's capacity, including the capability of its leadership and the individuals within it

The SCR MCA and LEP are committed to ensuring an appropriate structure and effective leadership is in place and that there is organisational capacity to fulfil the MCA and LEP's aims.

As the accountable body, the SCR MCA:

- Ensures Statutory Officers have the skills, resources and support necessary to effectively perform their roles in a changing environment and in preparation for further phases of devolution.
- Provides effective inductions and identifies and meet any further development needs of members and officers, in relation to their strategic roles, and provides training and opportunities to increase skills and knowledge as necessary.

- Ensures effective arrangements and delegations are in place in order for the Head of Paid Service to discharge their functions.
- Ensures a clear protocol exists to support a constructive working relationship between Members and Officers and seeks to develop partnerships and collaboration where most value can be added.
- Defines the types of decisions that are delegated and those reserved for the collective decision making of the MCA.
- Develops and maintains an effective workforce plan to enhance the strategic allocation of resources
- Takes steps to consider leadership effectiveness and ensure leaders are open to constructive feedback from peer review and inspections
- Holds staff to account through regular performance reviews which take account of training or development needs
- Ensures arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

6. Good governance means risks and performance are managed through robust internal control and strong public financial management

The SCR MCA and LEP recognise that effective performance management underpins the effective and efficient delivery of their intended outcomes and that risk management is a vital and integral part of this. As accountable body the MCA is committed to ensuring a strong system of financial management is in place in order to enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. Underpinning this are a culture and structure encouraging scrutiny and challenge.

To achieve this, the SCR MCA:

- Has in place an effective and active Audit and Standards Committee, who are accountable to the MCA and, amongst other responsibilities, lead on ensuring the SCR MCA have robust risk management arrangements in place, and that these are evaluated regularly
- Reviews the effectiveness of its decision-making framework, including delegation arrangements regularly.
- Ensures risk management is considered in all aspects of decision making.
- Ensures commissioned schemes/investments made are measured against defined outcomes and that they represent the best use of resources and value for money.
- Has in place effective scrutiny arrangements.
- Has in place robust arrangements for internal and external audit to provide assurance over the effectiveness of systems of internal control.
- Ensures effective arrangements and delegations are in place in order for the Chief Financial Officer to discharge their functions.
- Has in place a properly resourced and skilled Finance team with embedded processes compliant with best practice.
- Ensures compliance with relevant laws and regulations, internal policies and procedures and that all expenditure is lawful.
- Ensures effective arrangements are in place regarding data, including personal data
- Ensures financial management supports both long terms achievement of outcomes and short-term financial and operational performance

7. Good governance means good practices in transparency, reporting and audit to deliver effective accountability are implemented

The SCR MCA and LEP are committed to ensuring good practice in transparency, reporting and audit arrangements in order to deliver effective accountability.

In order to achieve this, as accountable body, the SCR MCA:

- Has in place robust arrangements for internal and external audit to provide assurances over the effectiveness of systems of internal control.

- Ensures that the Authority's Annual Accounts are reviewed by external auditors and that their opinion together with the final accounts are published and are available for inspection.
- Holds all MCA meetings in public, unless there are good reasons to exclude the press and public.
- Publishes all agendas and reports for the MCA and its associated committees online in accordance with statutory access to information requirements, ensuring they are presented in a fair, balanced and understandable style
- Ensures effective arrangements and delegations are in place in order for the Monitoring Officer to discharge their functions.
- Is committed to openness and transparency in all its activities subject only to where there is a need to preserve confidentiality.
- Reviews the effectiveness of its decision-making framework including delegation arrangements and data quality regularly.
- Ensures effective counter fraud and anti-corruption arrangements are developed and maintained.
- Keeps its governance arrangements under review and has in place an action plan for improvements, including responding to recommendations made by external audit
- Welcomes peer challenge, reviews and inspections from regulatory bodies

4. Monitoring and review of governance

The SCR MCA and LEP recognise the importance of good governance in maintaining and enhancing stakeholder confidence. Each year the Authority publishes an Annual Governance Statement (AGS) together with the Authority's Annual Accounts. This statement is prepared following an internal review of governance arrangements and outlines actions identified to strengthen them.

The review is informed by the work of:

- The Statutory Officers within the Authority who have responsibility for the development and maintenance of the governance environment.
- Internal Auditor's annual report and opinion, and also by comments made by the external auditors and other review agencies and inspectorates.
- The Group Chief Financial Officer who has statutory responsibility for ensuring the proper management of SCR MCA's financial affairs.

The framework for evaluating the effectiveness of internal control includes:

- An evaluation of progress against previously identified governance issues
- Reviews of
 - External Audit's Opinion
 - Annual Internal audit report and opinion
 - Strategic Risk Management Action Plans
 - Issues identified through business planning and performance management
 - Complaints
 - Freedom of Information requests
 - Data Protection and Information Governance issues

The AGS is discussed by the Audit and Standards Committee and examined by External Auditors and approved by the Mayoral Combined Authority.