Tyne and Wear Integrated Transport Authority

LOCAL CODE
OF
CORPORATE GOVERNANCE

TYNE and WEAR INTEGRATED TRANSPORT AUTHORITY

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INTRODUCTION

1. The Tyne and Wear Integrated Transport Authority (ITA) recognises that in order to fulfil its purpose and deliver the intended outcomes for its citizens and service users it needs to have in place comprehensive arrangements for corporate governance and accountability designed to ensure that it operates in an effective, efficient and ethical manner.

2. The Cadbury Report (1992) defined corporate governance as "the systems by *which organisations are directed and controlled*". It identified three fundamental principles of corporate governance:-

   • *Openness*: This ensures that all interested parties are confident in the organisation itself. It leads to effective and timely action and lends itself to necessary scrutiny.

   • *Integrity*: This is straightforward dealing reflected in the honesty of the annual report in portraying a balanced view. It depends on the integrity of those who prepare the report which is a reflection of the professional standards within the organisation.

   • *Accountability*: This is the process whereby individuals are responsible for their actions. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure.

3. The Chartered Institute of Public Finance and Accountancy (CIPFA) adapted the Cadbury definition for the local government sector. It defines corporate governance as "*the systems and processes, the 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*".

4. The Nolan Committee (1995) identified seven general principles of conduct which should underpin public life and which all holders of public office should practise:-

• Selflessness	• Openness
• Honesty	• Integrity
• Objectivity	• Accountability
• Leadership	

5. The Relevant Authorities (General Principles) Order 2001 added four additional principles to those identified by the Nolan Committee:-

   • Respect for others
   • Duty to uphold the law

- Stewardship (using resources prudently)
- Personal judgement

6. Building on these principles the Good Governance Standard for Public Services (2004) set out six core principles that should underpin the governance arrangements of all public bodies.

7. In 2007 CIPFA published a Framework for Delivering Corporate Governance in Local Government to assist Authorities to review their governance arrangements and to highlight any gaps. It adapts the six core principles of good governance for the local government sector and recommends that all Authorities should comply with them.

8. The ITA believes that effective corporate governance is achieved by:-
   - putting in place sound control systems and processes
   - regular checking to make sure those systems and processes are working in practice
   - reviewing those control systems and processes at least annually

9. This Code demonstrates how the ITA does this in practice and how it complies with each of the six principles. These are:-
   i) Focusing on the ITA's purpose and on outcomes for its Tyne and Wear residents and service users
   ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles
   iii) Promoting high standards of conduct and behaviour across the ITA
   iv) Making transparent decisions which are subject to scrutiny and risk management
   v) Developing the capacity of members and officers to be effective
   vi) Engaging with local people and stakeholders

10. The Code brings together in one document all the governance and accountability arrangements which the ITA currently has in place.

11. The Code will be reviewed and updated annually.

12. As part of the annual accounts process, the ITA is required to conduct an annual review of its governance arrangements, including its system of internal controls, and to publish a statement of that review known as the Annual Governance Statement (AGS), within the Annual Report and Accounts. The purpose of the AGS is to represent how the governance arrangements operated in each financial year, and to highlight significant improvements needed. The Code will facilitate the ITA's review of its corporate governance arrangements for the purposes of the AGS.

This Local Code of Corporate Governance was approved by the ITA on 29 June 2009.

CORE PRINCIPLE 1 – Purpose and Outcomes

Core Principle 1 – Focusing on the purpose of the Tyne and Wear Integrated Transport Authority and on outcomes for the community and implementing a vision for the area

Summary: Good governance helps to ensure that we fulfill our purpose and achieve the intended outcomes for our citizens and service users and that we operate in an effective, efficient, economic and ethical manner. We have therefore developed a clear vision of our purpose and intended outcomes which are communicated both within the ITA and to external stakeholders. Our Passenger Transport Policy Statement sets out our vision and values and the intended outcomes for local people. It is used as a basis for corporate and service planning.

Exercising strategic leadership by developing and clearly communicating the ITA's purpose and vision and its intended outcome for citizens and service users

Evidence of compliance

- Passenger Transport Policy Statement - published thee yearly and reviewed annually by Members - sets out ITA priorities and targets for action in the coming year and records its key achievements in the preceding year providing the context for service delivery throughout the year and the following two years
- ITA Vision Statement March 2009
- Annual Review and Update of ITA constitutional documents
- ITA Key Output Measures aligned with Multi-Area Agreement and Local Area Agreement Indicators
- Consultation Panel on the Duty to Involve
- Annual Performance Plan
- Community Engagement Strategy
- Corporate Communications Plan
- Policy seminars
- Market research reports
- Consultation and Involvement Policy/Strategy
- Annual Performance Plan
- Annual Report and Accounts
- Annual Governance Statement

Areas for Further Improvement

- Update and refresh the ITA website (October 09)

- Produce ITA Officer Statement (July 09)

Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning

Evidence of compliance

- Passenger Transport Policy Statement
- Annual Investment Strategy
- Annual Governance Statement
- Annual Performance Plan
- Policy seminars
- Market research reports
- Household survey
- Bus Strategy consultations
- Consultation and Involvement Policy/Strategy
- Community Engagement Strategy
- Local Transport Plan
- Super routes Agreement
- Annual audits - internal and external
- Nexus Metro Passenger Charter
- Stakeholder workshops
- Nexus, Tyne Tunnels and ITA complaints procedures
- Access For all
- Policy work programme
- Policy briefings
- Response to consultations
- Benchmarking against other Passenger Transport Authorities and Passenger Transport Executives
- Performance Reports to ITA on Metro performance
- Equality and Diversity Policy

Areas for Further Improvement

- Develop and improve partnership and project management arrangements
- Developing relationships with district local strategic plans

Ensuring that the ITA makes best use of resources and that tax payers and service users receive excellent value for money

Evidence of compliance

- Annual Performance Plan
- Annual audits - internal and external
- PTEG and Nova International Business Improvement Groups
- Major project and cross-cutting business cases

- Efficiency statements (forward and backward looking)
- Annual Treasury and Investment Strategy Statement
- Newcastle City Council procurement documents
- Nexus business reviews
- Capital financing records, indicating sources of external funding
- Risk Management Framework
- Scrutiny and ITA Scrutiny Advisory Committees
- Use of Resources Value for Money Self Assessment
- Annual Financial Strategy for the next 3 years
- Medium Term Plan
- Regular monitoring against plan
- Annual budget process
- Key output measures

Areas for Further Improvement

- Stakeholder workshops

CORE PRINCIPLE 2 – Members and officers working together

Core Principle 2 – Members and officers working together to achieve a common purpose with clearly defined functions and roles

Summary: Elected members are collectively responsible for the governance of the ITA. The ITA is a joint authority and comprises sixteen representatives of the five local authorities in the (former) metropolitan county of Tyne and Wear. Those representatives must be members of those five authorities and Schedule 10 of the Local Government Act 1985 (as amended from 1 April 2006) specifies the numbers to be as follows:

- Newcastle   4
- Sunderland   4
- Gateshead   3
- North Tyneside   3
- South Tyneside   2

The Local Government Act 2000 introduced a number of changes to the way in which local authorities carry out their work. While major innovations, such as the change to cabinet-style government, do not apply to the ITA, a number of improvements, such as dispensing with the committees such as those that formerly dealt with the Tyne Tunnel and Passenger Services, and replacing them with leading members acting as spokespersons for various portfolios, have been made. These changes bring the operating procedures of the ITA more closely in line with those of its five constituent councils.

The ITA has a Scrutiny Advisory Committee; the purpose of this body is to help ensure the ITA delivers its objectives. Scrutiny can do this by providing a mechanism for the ITA decisions and policies to be reviewed and examined in order to contribute to service improvement and ensuring value for money.

The ITA also has a Standards and Audit Committee, whose terms of reference ensure probity and further scrutiny of ITA activities. The Committee consists of 5 members from the ITA, and a further 4 independent members ensuring greater objectivity.

The Clerk, Deputy Clerk / Treasurer (S73 of the 1985 Act), Monitoring Officer and other senior managers of the Lead Authority (Newcastle City Council) are responsible for advising the ITA and associated committees on legal, financial and other policy considerations.

Ensuring effective leadership throughout the ITA and being clear about the roles and responsibilities of its members and officers and of the scrutiny function

Evidence of compliance

- Annual Review and Update of the ITA constitutional documents (particularly terms of reference of each committee and delegations to officers) reported to Annual General Meeting
- Delegations to Officers
- Job Descriptions and Person Specifications (Director General of Nexus), Clerk and Deputy, etc)
- Standing Orders
- Scrutiny Advisory Committee Terms of Reference, Annual Report to the ITA and Work Programme
- Standards and Audit Committee Terms of Reference, Annual Report to the ITA and Work Programme
- Member Code of Conduct
- Employee Code of Conduct (inc. Lead Authority Code)
- Service Level Agreement between the ITA and the Lead Authority
- Independent Review of Corporate Governance

Areas for Further Improvement

- Update Employee Code of Conduct when a statutory code is published

Ensuring that a constructive working relationship exists between ITA Members and Officers and that the responsibilities of members and officers are carried out to a high standard

Evidence of compliance

- Member Code of Conduct
- Employee Code of Conduct (inc. Lead Authority Code)
- ITA meetings
- ITA Scrutiny Advisory Committee meetings
- ITA Standards and Audit Committee meetings
- ITA Policy Seminars
- Consultation and Involvement Strategy
- Member induction process
- Member training and briefing sessions
- Policy Work Programme

Areas for Further Improvement

- Update Employee Code of Conduct when a statutory code is published

- Consider role of ITA, sub committees or lead portfolio roles.

Ensuring relationships between the ITA, its partners and the public are clear so that each knows what to expect of the other

Evidence of compliance

- ITA Vision Statement March 2009
- ITA Policy Statement
- Complaints System
- Nexus Metro Passenger Charter
- Passenger Transport Policy statement
- Community Engagement Strategy
- ITA meetings
- New Tyne Crossing communication strategy
- Stakeholder consultations
- ITA Policy Seminars
- Member and Employee Codes of Conduct
- Independent Remuneration Panel / Members Allowance Scheme
- Service Level Agreements with Lead Authority
- New Tyne Crossing Project Agreement
- Tyne and Wear Leaders / Treasurers groups
- ITA Officer & Nexus Liaison groups

Areas for Further Improvement

- LSP engagement
- Update and refresh the ITA website (October 09)
- ITA Officer Statement (July 2009)

CORE PRINCIPLE 3 – Conduct and Behaviour

Core Principle 3 – Promoting values for the ITA and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Summary: We recognise that good governance is underpinned by shared values and demonstrated in the behaviour of our members and staff. Our values (the way in which we will work for the community in pursuing our aims) are set out in our Policy Statement. The standards of conduct and behaviour we expect of members and officers are clearly set out in the Member and Employee Codes of Conduct. This is supported by training programmes for both members and staff.

Ensuring ITA members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance

Evidence of compliance

- Performance Plan
- Members Handbook
- Employee Contracts of Employment
- Member and Employee Codes of Conduct (inc. Lead Authority Codes)
- Protocol for Dealing with Complaints Against Councillors
- Policy for the Confidential Reporting of Concerns ("Whistleblowing Policy")
- Standing Orders and Officer Delegations
- Members Training Programme
- Freedom of Information Procedures
- Standards and Audit Committee Terms of Reference include responsibility for promoting high standards of conduct across the ITA
- Standards and Audit Committee Annual Report to the ITA and inclusion within Annual Report and Accounts
- Financial Regulations

Ensuring that organisational values are put into practice and are effective

Evidence of compliance

- Member Training Programme
- Standing Orders and Officer Delegations
- Financial Regulations
- Standards and Audit Committee Terms of Reference and agendas
- Standards and Audit Committee Terms of Reference include responsibility for promoting high standards of conduct across the ITA

- Standards and Audit Committee Annual Report to the ITA and inclusion within Annual Report and Accounts
- Procedures in place for dealing with complaints against members - ITA Protocol
- Register of interests and register of gifts and hospitality for both members and employees (inc. lead authority)
- Member Training Programme
- Nexus Metro Passenger Charter
- Internal Audit work programme
- Monitoring Officer role
- Member Code of Conduct
- Employee Code of Conduct (inc. Lead Authority Code)
- Nexus Strategy
- Strengthening the Audit function of the Standards and Audit Committee by increased relevant membership

CORE PRINCIPLE 4 – Decision Making

Core Principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Summary: We recognise that all ITA decisions are potentially subject to legal challenge and that we need to be able to successfully defend such challenges. In order to do so we must be able to demonstrate that decision makers followed a proper process, the decision was properly documented and was taken having regard to all relevant considerations whilst ignoring any irrelevant considerations. Members and officers must therefore have all relevant information before them, including the outcome of any constructive scrutiny and a detailed assessment of the risks to ensure that ITA resources are used legally and efficiently.

Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny

Evidence of compliance

- ITA meetings
- ITA Policy Seminars
- Policy Work Programme
- The ITA has appointed a Scrutiny Advisory Committee – it was first appointed by the ITA on 2 October 2003. Establishing the new committee of the ITA was a response to the requests of councillors who wished to extend the scrutiny arrangements for the ITA
- Agendas and minutes of Scrutiny Advisory Committee
- Scrutiny Advisory Committee Annual Work Programme
- Scrutiny Annual Report to ITA
- Standards and Audit Committee Terms of Reference include responsibility for promoting high standards of conduct across the ITA
- Standards and Audit Committee Annual Report to the ITA and inclusion within Annual Report and Accounts

Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs

Evidence of compliance

- Reports to ITA / Scrutiny Advisory / Standards and Audit committees
- Delegation to Officers / Officer Co-ordination Group meetings
- Lead Authority policies and procedures
- ITA Policy Seminars
- Complaints procedures

- Communication strategies (Nexus and New Tyne Crossing)
- Stakeholder consultations
- Specific legal and financial input sections to ITA reports

Ensuring that an effective risk management system is in place

Evidence of compliance

- Risk Management Framework
- Strategic Risk Register
- Performance and Risk Monitoring report to ITA
- Standards and Audit Committee Terms of Reference
- Standards and Audit Committee Annual Report to the ITA and inclusion within Annual Report and Accounts
- Member training sessions

Using their legal powers to the full benefit of the citizens and communities in their area

Evidence of compliance

- S73 responsibilities
- Role of Monitoring Officer and Head of Legal Services
- Stakeholder consultations
- Nexus Metro Passenger Charter
- Complaints against members Protocol
- Members induction
- Member training
- ITA Work Programme
- Delegation to Officers
- Ongoing monitoring of policy
- ITA Report Template

CORE PRINCIPLE 5 – Effective members and officers

Core Principle 5 – Developing the capacity of members and officers to be effective

Summary: Authorities need people with the right skills to direct and control them. The ITA is serviced by officers from the Lead Authority. In addition, Nexus officers work closely with the Lead Authority.

Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles

Evidence of compliance

- Members Induction and Training
- Lead Authority and Nexus training programmes
- Officer job descriptions and person specifications
- Regular finance training for members
- Member and officer attendance at conferences, etc

Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group

Evidence of compliance

- Member training
- Lead Authority / Nexus personal development plans
- Internal and external audit processes
- Benchmarking and knowledge sharing with other ITAs

Encouraging new talent for membership of the ITA so that best use can be made of individuals' skills and resources in balancing continuity and renewal

Evidence of compliance

- Member and officer training
- ITA, ITA Standards and Audit Committee and ITA Scrutiny Advisory Committees – increases in membership
- Complaints and comments procedures
- ITA Policy Seminars
- Lead Authority officer pool
- Equality and Diversity Review Group

- Consultation and Involvement strategy
- Work with Access For All

CORE PRINCIPLE 6 – Local Engagement

Core Principle 6 – Engaging with local people and stakeholders to ensure robust public accountability

Summary: Nexus has arrangements in place for consulting with service users, key stakeholders and partners this is set out in the Consultation and Involvement Policy Strategy to help ensure that key messages about services are taken into account. There is a separate communications plan to ensure that key messages are communicated to stakeholders and other target audiences.

Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships

Evidence of compliance

- ITA agendas and minutes
- Scrutiny Advisory Committee
- Standards and Audit Committee
- Annual Performance Plan
- Annual Governance Statement
- Relationship with internal and external auditors
- ITA Policy Seminars
- Consultation and Involvement Strategy
- Communications Plan
- Complaints and comments systems
- Scrutiny Committee Annual reports to ITA on scrutiny function - included in Annual Report and Accounts
- Reports on scrutiny work programme
- Reports to the ITA on outcome of call-in of decisions under the scrutiny process
- Lead Authority delegated decisions system
- Household Survey
- Focus Groups as necessary
- Citizen Panel
- Links with local strategic partnerships

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

Evidence of compliance

- Positive relationship with the Audit Commission
- Positive Relationship with the Tyne and Wear Districts through the Local Transport Plan group
- Positive relationship with central government departments e.g. Department for Communities and Local Government and the Treasury
- Website
- Publication of agendas and minutes of meetings
- Annual Performance Plan
- Consultation And Involvement Strategy
- Communications Plan
- Work with Access for All
- Equality and Diversity Review Sub group
- Annual Report and Accounts
- Compliance with Freedom of Information Act 2000 – information requests are monitored to ensure that requests are responded to within the statutory timescales

Making best use of human resources by taking an active and planned approach to meet responsibility to staff

Evidence of compliance

- Lead Authority / Nexus HR policies and procedures