Annual Review of the Council's Local Code of Corporate Governance

Governance & Audit Committee

Decision to be taken by: Governance & Audit Committee

Date of meeting: 24 March 2025

Lead director: Amy Oliver, Director of Finance

1. Summary

1.1. To present the Local Code of Corporate Governance to the Governance & Audit Committee for approval.

2. Recommendations

2.1. **The Governance & Audit Committee is recommended to:**
- Approve the Local Code of Corporate Governance 2025/26, at Appendix 1

3. Background

3.1 The Council has a Local Code of Corporate Governance and a Governance & Audit Committee. The committee has prescribed terms of reference that form part of the Council's constitution and are designed to enable the Committee to discharge its functions both as 'those charged with governance' generally and as 'the Board' under the Public Sector Internal Audit Standards (PSIAS)

3.2 There are clear linkages between the terms of reference and the local code in making up the Council's overall system of corporate governance. In order that they remain relevant and fit for purpose, each of these documents is subject to regular review.

3.3 Reporting on actual compliance (i.e., what we have achieved as an organisation in this regard) will be reported in due course through the Annual Governance Statement which is presented alongside the Statement of Accounts.

4. Local Code of Corporate Governance

4.1 A central component of the Council's system of governance is its Local Code of Corporate Governance. This reflects the main components set out in the CIPFA and SOLACE guidance "Delivering Good Governance in Local Government: Framework". The Local Code is a public statement of the arrangements the Council has in place to ensure it conducts its business in a way that upholds the highest standards.

4.2 The Local Code is therefore an important part of the Council's public accountability. It is important it remains fit for purpose, as each year the Council conducts a review of compliance with the Code. The results of this feed into the annual review of the effectiveness of the Council's system of internal control, thereby contributing to the Annual Governance Statement.

4.3 The Local Code has been refreshed for 2025/26 to reflect changes in strategies or policies.

4.4 The Local Code of Corporate Governance is given at Appendix 1.

5. Financial, legal and other implications

5.1 Financial implications

Adequate and effective systems of corporate governance and assurance and an effective Governance & Audit Committee are all central components in the processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. Such arrangements support the processes of audit and internal control that will help the Council as it faces financially challenging times.

Amy Oliver, Director of Finance, Ext 5

5.2 Legal implications

Part 2 of the Accounts and Audit (England) Regulations 2015 obliges the Council to ensure that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. The Council must conduct a review at least once in a year of the effectiveness of its system of internal control and following the review, must approve an annual governance statement.

Kevin Carter
Head of Law – Commercial, Property and Planning
12th March 2025

5.3 Climate Change and Carbon Reduction implications

'Climate ready' is identified as one of the ten priorities in the City Mayor's Strategic Vision, the delivery of which is supported by effective governance arrangements. The council's strategy and key interventions for achieving the climate ready priority is set out in the Climate Ready Leicester Plan, approved by Council on 5 September 2024.

Duncan Bell, Change Manager (Climate Emergency). Ext. 37 2249.
13th March 2025.

<u>5.4 Equalities Implications</u>

The report seeks approval for the Local Code of Corporate Governance 2025/26, there are no direct equalities implications arising from the report. Good corporate governance underpins confidence in public services and should be transparent to all stakeholders. Corporate governance is about the systems, processes, and values by which the Council operates and by which it engages with, and is held accountable to, our communities and stakeholders. Ensuring openness and comprehensive stakeholder engagement is important in effective corporate governance. Equalities Officer, Surinder Singh, 12 March 2025, Ext 37 4148

<u>5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)</u>

Sustainable and Environmental	No	
Crime and Disorder	Yes	This report is concerned with effective systems of governance and control, which are an important safeguard again
Risk Management	Yes	The whole report concerns the governance and assurance processes, a main purpose of which is to give assurance to Directors, the Council and this Committee that risks are being managed appropriately.

6. Background information and other papers:

N/A

7. Summary of appendices:

Appendix 1 – Local Code of Corporate Governance

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a "key decision"?

No

Local Code of Corporate Governance 2025/26

INTRODUCTION

The Council's Local Code of Corporate Governance is based on the CIPFA/SOLACE publication "Delivering Good Governance in Local Government Framework 2016"

The International Framework defines Governance as arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The framework goes on to state that to deliver good governance in the public sector, both governing bodies and individuals working for them must aim to achieve their entity's objectives while acting in the public interest at all times.

The Council is committed to the principles of good corporate governance as identified in the CIPFA/SOLACE guidance. Its commitment is confirmed through the adoption of its Local Code of Corporate Governance and its publication of the Annual Governance Statement.

This document sets out the Council's *Local Code of Corporate Governance for 2025/26* and the processes for monitoring its effectiveness. The Code provides the framework for the Council to achieve its aims and objectives.

CORE PRINCIPLES

The Council's Code of Corporate Governance is based on the seven core principles. The illustration below shows the principles of good governance in the public sector and how they relate to each other.

Achieving the Intended Outcomes While Acting in the Public Interest at All Times

HOW THE COUNCIL ENSURES GOOD GOVERNANCE

The following details how the Council ensures good governance and complies with the CIPFA/SOLACE "Delivering Good Governance Framework" (2016).

Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
We have the following codes and rules which are followed:
• Constitution
• Financial Procedure Rules
• Code of Conduct for Members
• Code of Conduct for Employees
• Anti-fraud, Bribery & Corruption Policy
• Whistleblowing Policy
• Information Governance & Risk Policy
• Anti-Money Laundering Policy
• Contract Procedure Rules

Ensuring openness and comprehensive stakeholder engagement.
We show openness and engagement through the following:
- Open Council & committee meetings with published minutes
- Published Executive Decisions
- Scrutiny of Executive projects through commissions
- Call in periods for Executive decisions
- Public engagement through consultation, representations and petitions
- Use of social media engagement on key projects and partnership working
- Publication of Freedom of Information Act responses and transparency data
Defining outcomes in terms of sustainable economic, social and environmental benefits
The City Mayor has set out a strategic vision underpinned by ten priorities which relate to:
- Supporting people
- Supporting communities
- A good home
- A good job
- Safe, clean streets
- Climate ready
- Our well-being

• Our children and young people
• Our quality of life
• Our care services
Determining the interventions necessary to optimise the achievement of the intended outcomes
The priorities are supported by the following key plans:
• Budget Strategy
• Creative and Cultural Industry Strategy
• New Local Plan 2024-36 – expected to be adopted in Summer 2025
• Active Leicester 2023-2028 Strategy
• Bus Service Improvement Plan 2024 – 10 year plan
• Voluntary, Community and Social Enterprise Engagement strategy: 2023-2027
• Climate Ready Leicester Plan

Examples of the Council's commitment to achieving good governance in practice is demonstrated below
Principle: Developing the entity's capacity, including the capability of its leadership and the individuals within it
The Council is supported by:
• Democratic services including Member and Civic Support Services, who also support member development
• An Organisational Development Team, who ensure effective development of employees
• A communications function which includes PR, Media and Digital Media Teams
• A staff intranet and established internal communication channels, which provide guidance to staff
• Partnership working on key priorities
• An Information Governance Team to support our data policies
• Specialist teams offering professional advice, for example Legal, Procurement, IT and Finance
Principle: Managing risks and performance through robust internal control and strong public financial management
We review processes and delivery throughout the year supported by:
• Internal Audit
• External Audit
• Information Governance
• Governance & Audit Committee

• Regular reporting of Capital and Revenue spend during a year
• Annual review of the Local Code of Corporate Governance
• Annual review of the Assurance Framework
Principle: Implementing good practices in transparency, reporting, and audit to deliver effective accountability
How the Council demonstrates good practice and ensures accountability:
• External Audit
• Annual Financial Statements
• Annual Governance Statement
• Open Council & committee meetings with published minutes
• Compliance with CIPFA codes of Practices
• Scrutiny Committees
• External inspections and reviews of services

Additional information on many of the areas detailed above can be found on the Council's website; Home - Leicester City Council

ANNUAL REVIEW OF GOOD GOVERNANCE

The Council is annually required to assess how effective its governance arrangements are and report this through the Annual Governance Statement. The assessment of the Council's effectiveness is completed by following the framework below.

City Mayor s Delivery Plan and other key plans and strategies
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Principal statutory obligations and organisational objectives

- Key Strategies and Plans
- Strategic and Operational Risks
- Strategic and Operational Risk Registers
- Review of Risk Registers (including Executive)
- Review of effectiveness of internal controls by Director of Finance

- Internal Audit Plan and reports
- Reports to Governance & Audit Committee
- Review of Internal Audit Annual Report and IA Annual Opinion

- External Audit Plan and reports
- Other Inspection Reports – e.g. Ofsted, CQC, HSE
- Review of external audit and inspection reports

- Review of compliance with Local Code of Corporate Governance
- Review of information assurance processes

- Evaluation of Assurances
- Annual Governance Statement
- Annual Governance Statement submitted with Final Accounts
- Review of Annual Governance Statement by Governance & Audit Committee
- Review of Annual Governance Statement by City Mayor

Key

- Assurance on corporate and service objectives
- Assurance on internal controls
- Assurance on policies and procedures