

Leicester  
City Council

### **MEETING OF THE AUDIT AND RISK COMMITTEE**

**DATE: WEDNESDAY, 18 JANUARY 2023**

**TIME: 5:30 pm**

**PLACE: Meeting Room G.01, Ground Floor, City Hall, 115 Charles Street, Leicester, LE1 1FZ**

#### **Members of the Committee**

Councillor Kaur Saini (Chair)

Councillor Dr. Moore (Vice-Chair)

Councillors Cassidy, Pantling, Valand and Whittle

Independent Member Mr Bipun Bhakri

One Labour Group vacancy

One Non-Group vacancy

Members of the Committee are summoned to attend the above meeting to consider the items of business listed overleaf.

for Monitoring Officer

**Officer contact: Anita James/Adam Kagzi**  
*Democratic Support, Democratic Services*  
*Leicester City Council,*  
*City Hall, 115 Charles Street, Leicester, LE1 1FZ*  
*Tel. 0116 454 6358*  
*Email. [anita.james2@leicester.gov.uk](mailto:anita.james2@leicester.gov.uk)*

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- ✓ where filming, to only focus on those people actively participating in the meeting;
- ✓ where filming, to (via the Chair of the meeting) ensure that those present are aware that they may be filmed and respect any requests to not be filmed.

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## **PUBLIC SESSION**

### **AGENDA**

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#### **1. APOLOGIES FOR ABSENCE**

#### **2. DECLARATIONS OF INTEREST**

Members are asked to declare any interests they may have in the business to be discussed.

#### **3. MINUTES OF THE PREVIOUS MEETING**

The Audit and Risk Committee will be asked to confirm that the minutes of the last meeting held on 22 November 2022 are a correct record.

#### **4. FINANCIAL UPDATE REPORT**

**Appendix A**  
**(Pages 1 - 6)**

The Director of Finance submits a report that includes an update on progress of the statement of accounts for both 2020/21 and 2021/22 and the delays arising due to issues around asset valuation.

#### **5. COUNTER FRAUD ANNUAL REPORT 2021-22 & MID-YEAR UPDATE REPORT**

**Appendix B**  
**(Pages 7 - 14)**

The Director of Finance submits a report providing a general update on the activities of the Council's investigators and providing assurance of the work they have undertaken.

#### **6. ANNUAL REVIEW OF THE COUNCILS LOCAL CODE OF CORPORATE GOVERNANCE**

**Appendix C**  
**(Pages 15 - 26)**

The Director of Finance submits a report which provides details of the annual review of the Local Code of Corporate Governance.

#### **7. ANY OTHER URGENT BUSINESS**

#### **8. DATE OF NEXT MEETING**

To note the date of the next meeting scheduled to take place 15<sup>th</sup> March 2023 at 5.30pm.



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# Financial Update Report

Audit & Risk Committee

Decision to be taken by: N/A

Date of meeting: 18<sup>th</sup> January 2023

Lead director: Amy Oliver, Director of Finance

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## Useful information

- Ward(s) affected: All
- Report author: Ben Matthews, Chief Accountant
- Author contact details: [Ben.Matthews@leicester.gov.uk](mailto:Ben.Matthews@leicester.gov.uk)
- Report version number: 1.0

### 1. Purpose of Report

- 1.1. To provide an update on the progress of the external audits for 2020/21 and 2021/22, including the infrastructure assets statutory override.
- 1.2. To provide an update on audit fees for 2022/23.
- 1.3. To provide an update on the appointment of the Council's external auditors and audit fees from 2023/24 onwards.

### 2. Recommended actions/decision

- 2.1. The Committee is asked to note the contents of the report and make any comments.
- 2.2. The Committee is asked to note the appointment of Grant Thornton as the Council's external auditor for a further five years from 2023/24.

### 3. Scrutiny / stakeholder engagement

N/A

### 4. Background

- 4.1. The Accounts & Audit (England) Regulations 2015 require that the Council presents its audited Statement of Accounts along with its Annual Governance statement for approval annually by the 31 July. This is delegated to the Audit and Risk Committee by Council. For 2021/22, this deadline was extended to the 30 November 2022 due to issues being experienced in the local authority audit sector.
- 4.2. The draft (unaudited) 2021/22 accounts were considered by the Audit and Risk Committee on the 20 July 2022 and further progress updates on the external audit were provided to the Committee on 28 September 2022 and 22 November 2022. These updates have also included the national accounting issue for infrastructure assets affecting the Council.
- 4.3. Since 1 April 2018, the Council has had its external audit provided by Grant Thornton. Grant Thornton were appointed by Public Sector Audit Appointments Ltd (PSAA) and have been the Council's external auditors up to and including the financial year 2022/23.

## **5. Detailed report**

### **Update on the progress of the closure of the external audit for 2020/21**

- 5.1. As previously reported to the Committee, a national accounting issue concerning the valuation of infrastructure assets (e.g. highways and footpaths) was delaying the closure of the 2020/21 audit and has also continued to delay the 2021/22 audit. Government has recently published legislation to resolve the national issue (for the time being) and the external auditors are now awaiting updated guidance before being able to finalise this matter.

### **Update on the progress of the external audit for 2021/22**

- 5.2. There are four main items causing the delay in issuing an external audit opinion for the 2021/22 Statement of Accounts, which are:

5.2.1. As previously reported, the national accounting issue concerning the valuation of infrastructure assets, detailed above.

5.2.2. An amendment required to the valuation of Specialised assets (those not available to purchase in the open market, for example schools, leisure centres and museums) due to the Council not complying with a particular national valuation requirement. This has also been previously reported to the Committee and has necessitated an amendment to previous years' valuations. We are liaising with the external auditors, including ensuring agreement on the approach taken to adjust previous years' valuations.

5.2.3. A further item regarding the valuation of Specialised assets, in particular how the valuation depreciation adjustment is arrived at. The Council's valuer and the valuer engaged by the external auditors have been unable to reach agreement on the methodology used for the valuation depreciation adjustment, to arrive at the theoretical 'market value' of these assets. Officers continue to liaise with the external auditors to seek an agreed solution.

5.2.4. In addition a query has been raised on the approach used for valuing Housing Revenue Account dwellings, in particular the method used for Beacon properties (sample houses). At the time of writing, officers are engaging with the Council's commissioned external valuers to understand if there has been any impact on the valuations as a result, which could require adjustment.

- 5.3. These are purely technical matters involving valuation of fixed assets, which do not result in a change in the overall level of balances available to the Council to finance its ongoing operations. Officers are continuing to work on these matters and liaise with the external auditors where appropriate, with the overall aim of bringing the final audited set of accounts for the Committee to approve at the March meeting.

- 5.4. The Committee should however note that the national deadline of 30 November 2022 for the publication of 2021/22 audited accounts has not been met. Nationally, only 12% of opinions had been issued, reflecting the technical and audit challenges across the sector, including the national accounting issue concerning

infrastructure assets. It is also important to note there will not be any financial penalties incurred by the Council for not meeting the deadline.

5.5. The Committee may also wish to note that the auditor continues to work on the Value for Money assessment, as previously reported.

### **External audit fees 2022/23**

5.6. Acknowledging the significant pressures in the wider audit market and evolving arrangements in the local audit system, it has been difficult for Public Sector Audit Appointments Ltd (PSAA) in setting fee scales without full information on all audit requirements or information on audits for the preceding year. Therefore, they have set the 2022/23 scale fee using the 2021/22 audits as a baseline with adjustments for recurrent fee variations and a 5.2% inflationary increase (the inflation will be funded from a surplus that would otherwise have been distributed to opted-in bodies).

5.7. This results in a scale fee for the Council in 2022/23 of £128,947; however, it is important to note this fee does not include the fee for additional work that is still to be agreed. The additional work normally relates to the auditing of grant claims and commenting on the Council's value for money arrangements.

### **External audit appointment and fees from 2023/24**

5.8. As approved by Council and supported by this Committee, the Council has opted-in to the sector led procurement of external audit contracts through PSAA from 1 April 2023. When developing appointment proposals, the PSAA considered information provided by both opted-in bodies and audit firms, seeking to balance a range of factors including:

- Auditor independence, the most critical of all the factors;
- Joint/shared working arrangements and information from bodies, where they have prioritised those requests that are most relevant to the auditor's responsibilities;
- Their commitments to the firms under the audit contracts;
- Bodies' main offices and firms' geographical preferences;
- The status of prior years' audits; and
- Continuity of auditor where appropriate.

5.9. As part of this arrangement, officers have accepted the proposal of Grant Thornton as the Council's external auditor for a further five years from 2023/24.

5.10. Furthermore, the PSAA have already notified audited bodies to expect a major re-set of total fees in 2023/24 (when the new five year audit contracts take effect) due to the current complexities and fragility of the local audit market making the procurement of the new contracts very challenging. They have so far advised us to expect an increase of the order of 150% on the total fees for 2022/23. However, the actual total fees will depend on the amount of work required, which is still to be established and the PSAA will consult on the 2023/24 fee scale in early autumn 2023.



## **6. Financial, legal, equalities, climate emergency and other implications**

### **6.1 Financial implications**

The report provides an update on the progress with the external audit of the Council's accounts. The items identified as causing the delays to the audit relate to technical asset valuation matters. They do not affect the overall level of balances available to the Council to finance its ongoing operations.

Ben Matthews, Chief Accountant, ext. 37 4840

### **6.2 Legal implications**

There are no direct legal implications arising from this report. The issues concerning the closure of accounts for 2020/21 and 2021/22 are not unique to Leicester, and the consequences of this are well explained in the main body of the report. Audit and Risk Committee have been updated on these issues so that they can discharge their functions transparently.

Kamal Adatia, City Barrister

### **6.3 Equalities implications**

There are no direct equality implications arising out of this Financial Update report.

Equalities Officer, Surinder Singh, Ext 37 4148

### **6.4 Climate Emergency implications**

There are no significant climate emergency implications directly associated with this report.

Aidan Davis, Sustainability Officer, Ext 37 2284

### **6.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)**

N/A

## **7. Background information and other papers:**

7.1. The Draft Statutory Statement of Accounts 2021/22 presented at the Audit & Risk Committee on 20<sup>th</sup> July 2022.

7.2. Financial Update Report presented at the Audit & Risk Committee on 28th September 2022.

7.3. Statement of Accounts and External Audit Update Report presented at the Audit & Risk Committee on 22nd November 2022.

7.4. Appointment of External Auditor for 2018/19 presented at the Audit & Risk Committee on 6<sup>th</sup> December 2017

<https://cabinet.leicester.gov.uk/documents/s89333/AR%20External%20Audit%20Update%201819%20FINAL%202.pdf>

7.5. Decision to opt into National Scheme for Auditor Appointments managed by PSAA Report presented at the Audit & Risk Committee and Full Council in November 2021.

<https://cabinet.leicester.gov.uk/documents/s126380/PSAA%20external%20audit%20opt-in%20-%20ARC%20and%20Council%20-%20final.pdf>

7.6. PSAA publication 2022/23 audit fee scale

<https://www.psaa.co.uk/appointing-auditors-and-fees/list-of-auditor-appointments-and-scale-fees/2022-23-auditor-appointments-and-audit-fee-scale/2022-23-audit-scale-fee/>

## **8. Summary of appendices:**

None

**9. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?** No

**10. Is this a “key decision”? If so, why?** No

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## **Counter Fraud Report 2021/22 including Mid-year update 2022/23**

Audit and Risk Committee

Date of meeting: 18<sup>th</sup> January 2023

Lead director: Amy Oliver, Director of Finance

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## **Useful information**

- Ward(s) affected: All Wards
- Report author: Stuart Limb (Corporate Investigation Manager)
- Author contact details: (0116) 454 2615 / 37 2615 [stuart.limb@leicester.gov.uk](mailto:stuart.limb@leicester.gov.uk)
- Report version number: Version 1

## **1. Summary**

- 1.1 The purpose of this report is to provide information to the Audit and Risk Committee on the work carried out by the Corporate Investigations Team (CIT) for the period 1 April 2021 to 31<sup>st</sup> March 2022, together with a mid-year update for April 2022 – Oct 2022.

## **2. Recommendations**

- 2.1 The Audit and Risk Committee is recommended to receive and comment on the report.

## **3 Detailed Report**

- 3.1 The aim for the CIT is to share and deliver three main objectives:
- building and sharing knowledge about fraud
  - tackling the most serious and harmful fraud threats
  - disruption, prevention, and detection of fraud
- 3.2 The CIT investigates suspected financial irregularities and makes recommendations to reduce the risk of further losses and improve performance, efficiency, effectiveness, and economy in the use of resources by the Council. We do this through collaborative working with services, advising on the prevention and detection of fraud through policy development, reviewing application declarations, procedures, and quality checking. This is alongside investigating suspected cases identified through sources such as proactive data matching, quality checks, public and internal referrals.
- 3.3 As well as carrying out investigations, the CIT supported officers to deliver assurances for the various covid business grant schemes administered on behalf of the Government. More recently, CIT have returned to business as usual in terms of their focus. However, the Corporate Investigations Manager has undertaken the role as lead officer for the Council Tax Energy Rebate Scheme, which paid £150 to over 95% of city households from April 2022 onwards.
- 3.4 The team's investigation activity for 2021/22 and 2022/23 to date is summarised in the table overleaf. The number of cases closed out annually differs to the total referrals due to timing differences and cases ongoing at the time of writing. Cases can be screened out with no investigation for numerous reasons including no trace of individual, no benefit in payment, the allegation has already been declared or where there is insufficient evidence to justify a formal investigation.

<b>Case Management</b>	<b>2021/22</b>	<b>2022/23 to date</b>
No. cases referred incl public, data matching, and internal	283	219
Cases screened out – no investigation	139	100
Cases screened out – referred to Department for Work & Pensions for investigation	49	24
Cases closed – not proven	58	40
Cases closed – proven	51	20
Cases closed – prosecution	2	1

- 3.5 The Anti-Fraud, Bribery and Corruption Policy expects members, employees of the Council, its partners and third-party organisations to refer suspected cases of fraud, money laundering, etc. to the CIT. This is demonstrated from the internal referrals by directorates and the presence of staff referrals in the top 5 sources of CIT referrals.

	<b>2021/22</b>	<b>2022/23 (to date)</b>
a. City Development & Neighbourhoods	86	94
b. Corporate Resources	52	23
c. Social Care & Education	5	0
d. Public Health	1	0

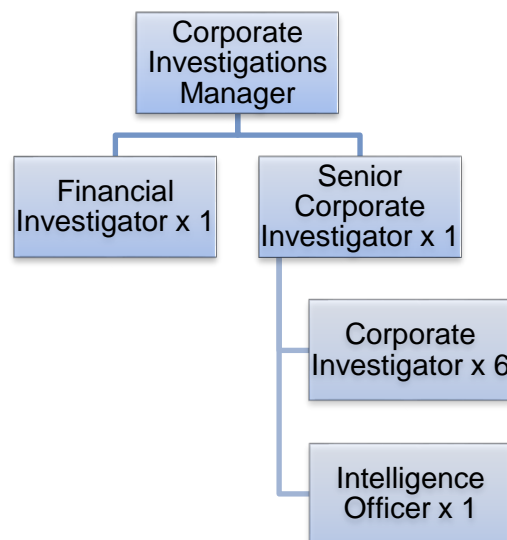
- 3.6 The top five sources of referrals are:

1. Council website (members of the public, businesses, other organisations)
2. Corporate Resources, including Revenues & Customer Support Service and the Business Services Centre (Housing Right to Buy applications)
3. Housing Services
4. Fraud Helpline
5. Council staff

- 3.7 The chart below shows the main investigations closed and ongoing, by case categorisation for 2021/22. Blue badge referrals are down on previous years probably due to the pandemic; however, referrals are now increasing again. There are some timing differences affecting the overall total.



- 3.8 The Council continues to benefit from membership of the National Anti-Fraud Network (NAFN), which alerts member authorities to phishing emails and fraud alerts. These alerts are shared across the authority to ensure awareness is raised and efforts to prevent attempted fraud are tackled.
- 3.9 Our Fraud Awareness E-Learning course is offered to all new starters to the Council and will be offered as a refresher course to key roles and services.
- 3.10 The team structure remains unchanged for 2022/23, with two vacancies - one Financial Investigator and one Corporate Investigator.



- 3.11 The work of the Corporate Investigator has been absorbed short term by the remaining members of the CIT and the proactive work has been reassigned in an effort to minimise the impact. However, the loss will be felt in terms of a reduced capacity on the team. The vacancy of the Financial Investigator potentially has a more pronounced impact as this is the only such post. In the short term, AFI services are being purchased externally.
- 3.12 To demonstrate the assurance the team provides, we report the financial savings and loss avoidance, based on typical benchmarks. The target for the team in 2021/22 was £1.5m, with savings and loss avoidance of £1.7m achieved.
- 3.13 The saving target for 2022/23 is again set at £1.5m, which the team is on course to achieve.
- 3.14 Below is a bar chart giving the breakdown of the savings and loss avoidance achieved in 2021/22 by investigation category.



#### **4 Examples of investigations activity during 2021/22**

- 4.1 The work of the CIT primarily includes proactive data matching and reactive referrals received relating to suspected financial irregularities. Detailed below are some of the types of work carried out.

- a. An annual review of empty residential properties to ensure that the council tax discounts awarded are correct. Where a property is identified as being occupied the account is corrected, the property billed and recovery of the council tax owing is pursued, generating nearly £800k under the New Homes Bonus Scheme. There will also be additional revenue from council tax income, subject to collection.
- b. In partnership with the school admissions team, we validate the details submitted in the applications for school places. This ensures that the data submitted on the applications is correct and that the school places allocated are valid. Loss avoidance is assessed at £235k.
- c. As part of the proactive work undertaken, the team works with the Business Services Centre to verify all Council Housing Right to Buy (RTB) applications. This is to ensure that the identification, residency and funding for the proposed purchase are all verified, to determine whether the intended purchases are valid and not as a result of a fraudulent application including money laundering. If fraud is suspected, supporting evidence is gathered and where appropriate interviews under caution are conducted with a view to a prosecution. This work resulted in 14 applications being refused. The associated loss avoidance is assessed at £531k.

## **5 Internal Audit Review**

- 5.1 The Counter Fraud Strategy was reviewed by Internal Audit during 2022. Overall, the auditors concluded there was substantial assurance that the Council's Counter Fraud Strategy and the wider approach to fraud prevention and detection are adequate
- 5.2 A number of recommendations were made to further enhance the strategy, relating to review and refresh of policies, publication of these on the intranet and website, strengthening the website 'zero tolerance' messaging, roll out of staff awareness training, a review of conformance to external standards and reporting to this Committee.
- 5.3 A formal response to the recommendations is in progress, so the report can be finalised and formally issued. Good progress is being made implementing the recommendations.

## **6 The remainder of 2022/23**

- 6.1 The focus for the remainder of 2022/23 is to:
  - Promote the Corporate Fraud webpage from March 2023
  - Continue to promote the Fraud Awareness eLearning course
  - Publicise the Fraud Hotline 0116 454 6490
  - Publicise the Investigations email address – [investigations@leicester.gov.uk](mailto:investigations@leicester.gov.uk)
  - Continue to conduct proactive exercises to identify suspected fraud
  - Implement the remaining internal audit recommendations
- 6.2 In addition, the National Fraud Initiative (NFI) matches via the secure portal will be received at the end of January 2023. The CIT oversees the process and the Management Information returns of these cases by the relevant services. These matches will require the work to be carried out by the relevant service areas to check the matches. Where fraud is suspected, referrals will be made to CIT to investigate.



## **7. Financial, legal, equalities, climate emergency and other implications**

### **7.1 Financial implications**

Fraud can cause the Council significant loss; hence activity to prevent and detect fraud is a clear financial investment and a key component of good financial control and governance. The Council's fraud awareness briefings will further enhance good financial control and governance. The activity supporting the covid business grants programme has been particularly significant.

Rohit Rughani  
Principal Accountant – Financial Services

### **7.2 Legal implications**

Fraud is a criminal offence and therefore represents breach of the law. Other forms of financial irregularity, though not criminal, may be in breach of regulation. The conduct of counter-fraud work of all kinds is bound by law and regulation and the Council is careful to ensure that its activities in this area are properly discharged.

Kamal Adatia, City Barrister & Head of Standards

### **7.3 Equalities implications**

The report provides an annual update to the Audit and Risk Committee on the work carried out by the Corporate Investigations Team.

There are no significant equality and diversity implications arising from the report.

Surinder Singh, Equalities Officer

### **7.4 Climate Emergency implications**

This report does not contain any significant climate emergency implications.

Aidan Davis, Sustainability Officer

### **7.5 Other implications - None**

## **8 Background information and other papers:**

- Local Government Act 1972
- Leicester City Council's Anti-Fraud, Bribery and Corruption Policy
- Leicester City Council's Finance Procedure Rules
- Leicester City Council's Constitution
- Leicester City Council's Code of Conduct for Behaviour at Work
- Leicester City Council's Information Security Policy Statement

- Leicester City Council's Prosecutions Policy
- Leicester City Council's Investigators Code of Conduct
- Public Bodies Corrupt Practices Act 1889
- Chartered Institute of Public Finance & Accountancy (CIPFA) publication *Managing The Risk of Fraud*
- The Prevention of Social Housing Fraud Act 2013

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

**No**

**10 Is this a "key decision"?**

**No**

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

Decision to be taken by: Audit and Risk Committee

Date of meeting: 18 January 2023

Lead director: Amy Oliver, Director of Finance

## Useful information:

- Ward(s) affected All
- Report author Colin Sharpe, Deputy Director of Finance
- Author contact details x 37 4081
- Report version number V1

### 1. **Purpose of Report**

- 1.1 To present the Local Code of Corporate Governance to the Audit and Risk Committee for approval.

### 2. **Recommendations**

- 2.1 The Committee is recommended to:
- a) Approve the **Local Code of Corporate Governance 2023/24** (Appendix 1)

### 3. **Summary**

- 3.1 In the interests of good governance and compliance with law and regulation, the Council has in place a Local Code of Corporate Governance and a formally constituted Audit and Risk 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.
- 3.2 There are clear linkages between these components 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.
- 3.4 The Audit and Risk Committee's terms of reference were thoroughly reviewed in 2022 and approved by Full Council on 19 May 2022. Following more recent national developments and the focussed training session in November 2022, a further review will take place. Any proposed changes will be brought to the March 2023 meeting for consideration.

### 3.5 **Local Code of Corporate Governance**

- 3.5.1 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.

- 3.5.2 The Local Code of Corporate Governance 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.
- 3.5.3 The Code was refreshed for 2022/23 to ensure it sets out the Council's objectives and reflects the controls in place. It has been reviewed for 2023/24 and reference to a number of key plans updated.
- 3.5.4 The Local Code of Corporate Governance is given at **Appendix 1**.

#### **4. Financial, Legal and other implications**

##### **4.1 Financial Implications**

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

*Colin Sharpe, Deputy Director of Finance, x37 4081*

##### **4.2 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.

*Kamal Adatia, City Barrister & Head of Standards, x37 1401*

## 5. **Other Implications**

Other Implications	Yes/No	Paragraph or references within the report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	Yes	This report is concerned with effective systems of governance and control, which are an important safeguard against the risks of theft, fraud and corruption.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
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 by the business.

## 6. **Report Author**

Colin Sharpe, Deputy Director of Finance x37 4081

## **Appendix 1**

### **Local Code of Corporate Governance 2023/24**

#### **INTRODUCTION**

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

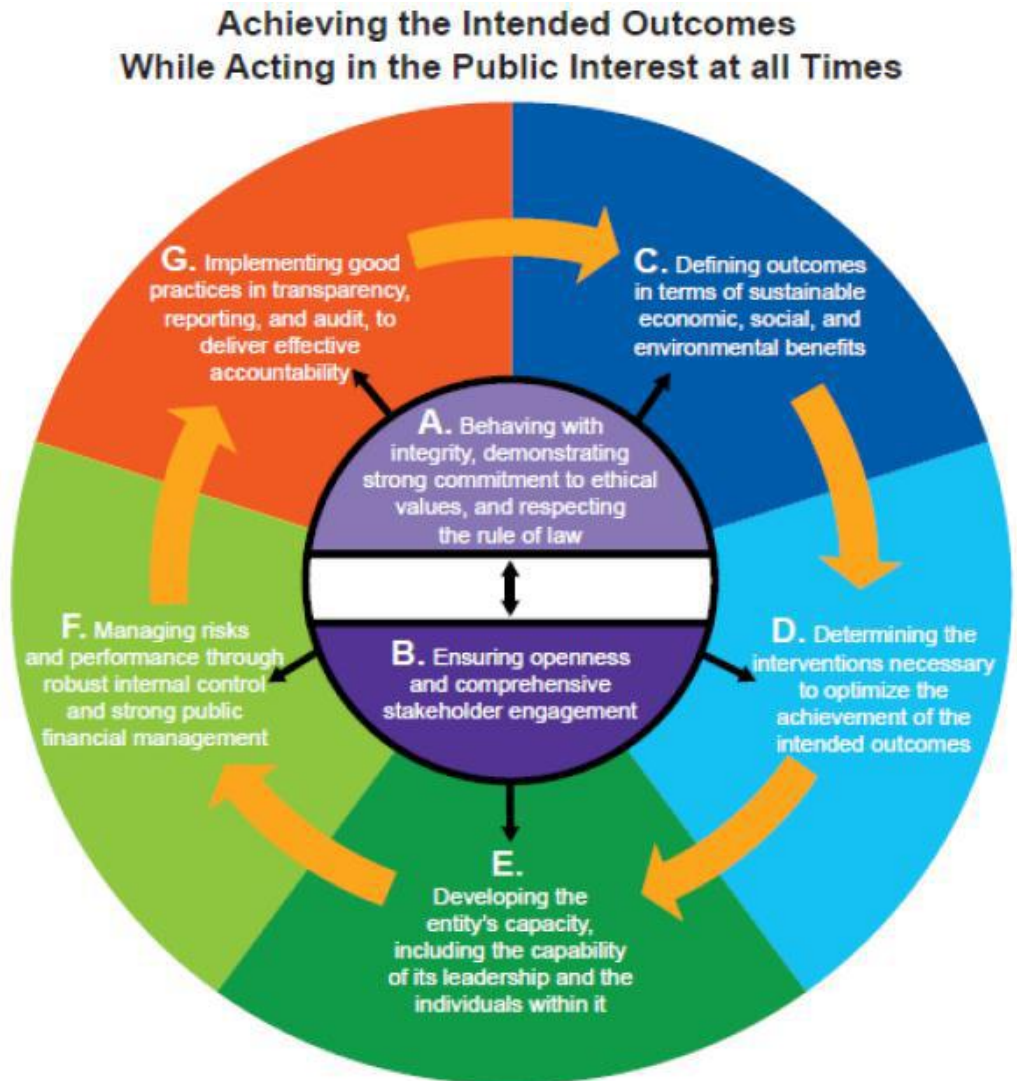
The International Framework defines Governance as arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The framework goes on to state to deliver good governance in the public sector both governing bodies and individuals working for them must aim to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

Leicester City 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 Leicester City Council's *Local Code of Corporate Governance for 2023/24* 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.





## 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 and Corruption Policy (updated November 2022)
- Whistleblowing Policy (updated November 2022)
- Anti-Money Laundering Policy (newly approved in November 2022)
- Information Governance & Risk Policy

## **Ensuring openness and comprehensive stakeholder engagement.**

### **We show openness and engagement through the following:**

- Open Council & committee/commission 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 in terms of a number of key pledges which relate to:**

- A Fair City
- Homes for All
- Connecting Leicester
- Sustainable Leicester
- Health and Care
- Lifelong Learning
- A City to Enjoy

- A Safe and Inclusive City

**Determining the interventions necessary to optimise the achievement of the intended outcomes.**

**The key pledges are supported by the following key plans:**

- Economic Recovery Plan
- Budget Strategy (updated annually)
- Corporate Estate Annual Report 2021-22
- Leicester Labour Market Partnership (Textile) Review 2020-2022
- Leicester Street Design Guide
- Joint Health and Wellbeing Strategy 2019-2024
- Knife Crime and Serious Violence Strategy 2021-2023
- Local Transport Plan 2011-2026
- Tourism Action Plan 2020-2025
- Economic Action 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 functions 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
- Audit and Risk Committee

<ul style="list-style-type: none"> <li>• Regular reporting of Capital and Revenue spend during a year</li> </ul>
<ul style="list-style-type: none"> <li>• Annual review of the Local Code of Corporate Governance</li> </ul>
<ul style="list-style-type: none"> <li>• Annual review of the Assurance Framework</li> </ul>
<b>Principle: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</b>
<b>How the Council demonstrates good practice and ensures accountability:</b>
<ul style="list-style-type: none"> <li>• External Audit</li> </ul>
<ul style="list-style-type: none"> <li>• Annual Financial Statements</li> </ul>
<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> </ul>
<ul style="list-style-type: none"> <li>• Open Council &amp; committee/scrutiny meetings with published minutes</li> </ul>
<ul style="list-style-type: none"> <li>• Compliance with CIPFA Codes of Practice</li> </ul>
<ul style="list-style-type: none"> <li>• Scrutiny Commissions</li> </ul>
<ul style="list-style-type: none"> <li>• External inspections and reviews of services</li> </ul>

Additional information on many of the areas detailed above can be found on the Council's website [www.leicester.gov.uk](http://www.leicester.gov.uk)

## 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;

