

# **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.

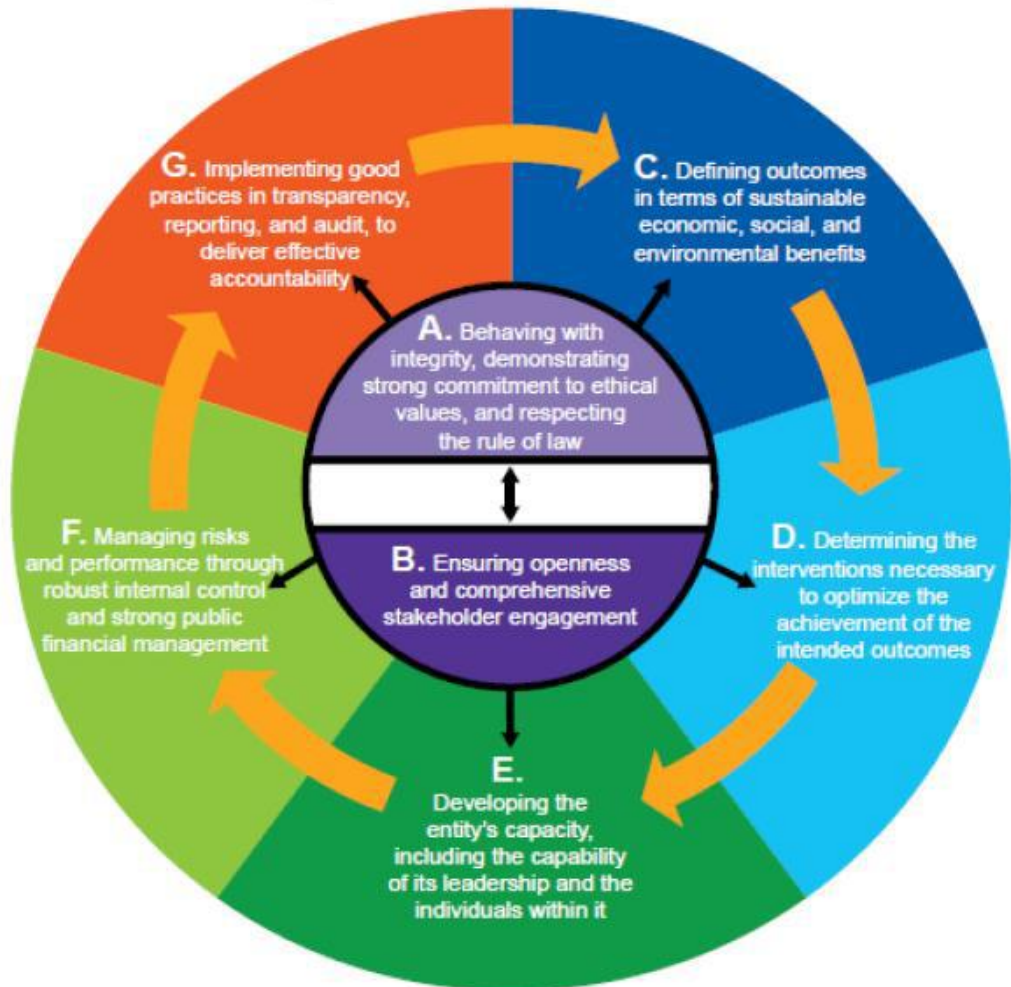
Leicester City Council is committed to the principles of good corporate governance as identified in the CIPFA/SOLACE guidance. Its commitment is confirmed through the adoption of its Local Code of Corporate Governance and its publication of the Annual Governance Statement.

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.

### 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)

<b>Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b>
<b>We have the following codes and rules which are followed:</b>
<ul style="list-style-type: none"><li>• Constitution</li></ul>
<ul style="list-style-type: none"><li>• Financial Procedure Rules</li></ul>
<ul style="list-style-type: none"><li>• Code of Conduct for Members</li></ul>
<ul style="list-style-type: none"><li>• Code of Conduct for Employees</li></ul>
<ul style="list-style-type: none"><li>• Anti-fraud, Bribery and Corruption Policy (updated November 2022)</li></ul>
<ul style="list-style-type: none"><li>• Whistleblowing Policy (updated November 2022)</li></ul>
<ul style="list-style-type: none"><li>• Anti-Money Laundering Policy (newly approved in November 2022)</li></ul>
<ul style="list-style-type: none"><li>• Information Governance &amp; Risk Policy</li></ul>

<b>Ensuring openness and comprehensive stakeholder engagement.</b>
<b>We show openness and engagement through the following:</b>
<ul style="list-style-type: none"> <li>• Open Council &amp; committee/commission meetings with published minutes</li> </ul>
<ul style="list-style-type: none"> <li>• Published Executive Decisions</li> </ul>
<ul style="list-style-type: none"> <li>• Scrutiny of Executive projects through commissions</li> </ul>
<ul style="list-style-type: none"> <li>• Call in periods for Executive decisions</li> </ul>
<ul style="list-style-type: none"> <li>• Public engagement through consultation, representations and petitions</li> </ul>
<ul style="list-style-type: none"> <li>• Use of social media engagement on key projects and partnership working</li> </ul>
<ul style="list-style-type: none"> <li>• Publication of Freedom of Information Act responses and transparency data</li> </ul>
<b>Defining outcomes in terms of sustainable economic, social and environmental benefits.</b>
<b>The City Mayor has set out a strategic vision in terms of a number of key pledges which relate to:</b>
<ul style="list-style-type: none"> <li>• A Fair City</li> </ul>
<ul style="list-style-type: none"> <li>• Homes for All</li> </ul>
<ul style="list-style-type: none"> <li>• Connecting Leicester</li> </ul>
<ul style="list-style-type: none"> <li>• Sustainable Leicester</li> </ul>
<ul style="list-style-type: none"> <li>• Health and Care</li> </ul>
<ul style="list-style-type: none"> <li>• Lifelong Learning</li> </ul>
<ul style="list-style-type: none"> <li>• A City to Enjoy</li> </ul>



- 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>
<p><b>Principle: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</b></p>
<p><b>How the Council demonstrates good practice and ensures accountability:</b></p>
<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;

