

<b>Committee</b>	<b>Standards Committee</b>	<b>Item</b>	
<b>Title</b>	<b>Review of Local Code of Corporate Governance 2016-17</b>		
<b>Wards</b>	<b>All</b>		
<b>Contributors</b>	<b>Head of Law</b>		
<b>Class</b>	<b>Open</b>	<b>Date</b>	<b>11 July 2018</b>

## 1. Summary

- 1.1 In December 2002, the Standards Committee considered and endorsed a Local Code of Corporate Governance for the London Borough of Lewisham. The Local Code is detailed at Appendix 1. Compliance with this code is subject to regular review, the last of which was reported in October 2017. Compliance with the Local Code has again been reviewed (see Appendix 2); the review has found that the Council is compliant with the Local Code.
- 1.2 The approach to the review of the Local Code of Corporate Governance has been revised for 2017-18. The change reflects the specific wish of the Standards Board, for a different format going forward. In keeping with the wishes of the Standards Board, the review focuses primarily on changes between the last review and the current one.

## 2. Purpose

- 2.1 To report the results of the annual review of compliance with the Local Code of Corporate Governance. The results of the review appear at Appendix 2.

## 3. Recommendations

- 3.1 Members of the Standards Committee are asked to consider and endorse the outcomes of the review.

## 4. Background

- 4.1 In 2002 CIPFA/SOLACE promoted a Code of Corporate Governance to local authorities. This Code included five dimensions:
- Community Focus
  - Service Delivery Arrangements
  - Structures and Processes
  - Risk Management and Internal Control
  - Standards of Conduct
- 4.2 Councils were advised to include particular features under each of the above dimensions in their Local Codes. A detailed review of Lewisham's compliance against the Local Code appears in Appendix 2 on page 12.

## **5. Review of compliance with the Local Code of Corporate Governance**

- 5.1 In 2007, CIPFA / SOLACE revised their original national Code of Corporate Governance to build on recent governance work in both the public and private sector. The new framework consists of six key principles.
- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles
  - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
  - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
  - Developing the capacity and capability of members and officers to be effective
  - Engaging with local people and other stakeholders to ensure robust public accountability
- 5.2 In October 2017 the Standards Committee received a review of compliance with the Local Code of Corporate Governance. This year compliance has been reviewed again. The process for doing so has been to revisit the findings of last year and to test those with relevant officers across the Council. External evidence of compliance particularly that obtained from Ofsted is referenced where applicable.

5.3 The review has found that, as last year, the Council is compliant with the Local Code of Corporate Governance.

## **6 Training**

6.1 The Local Code of Corporate Governance states that ‘training will be provided for both officers and members in order to assist them to develop the skills and knowledge necessary to fulfil their roles and responsibilities.’

6.2 The Head of Law has provided training to members and officers on the following:

- Code of Conduct and Equalities
- Induction and decision making
- Dealing with breaches of the Member Code of Conduct
- Individual Electoral Registration (MPs briefing)
- Decision making (officers briefing)
- Election issues (officers briefing)
- Members sitting on outside bodies
- Employee Code of Conduct

## **7 Review**

7.1 The Local Code of Corporate Governance requires that compliance with the code be monitored annually.

## **8 Legal Implications**

8.1 There are no specific legal or financial implications

## **9 Equalities Implications**

9.1 Public bodies such as local authorities are legally required to consider the three aims of the Public Sector Equality Duty (set out in the Equality Act 2010) and document their thinking as part of any decision-making processes. The Act sets out that public bodies must have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation;
- advance equality of opportunity between people who share a protected characteristic and those who do not share that characteristic; and
- foster good relationships between those who share a protected characteristic and those who do not share that characteristic.

The following equalities characteristics are 'protected' from unlawful discrimination in service provision under the Equality Act 2010: age; disability; gender; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief; gender; and sexual orientation.

The Equality and Human Rights Commission (EHRC) have issued [technical guidance](#) for public authorities in England on the Public Sector Equality Duty. This technical guidance explains the three aims of the Public Sector Equality Duty, outlines the requirements of the Equality Act 2010 and the specific duty regulations and provides practical approaches to complying with the Public Sector Equality Duty. This document provides an authoritative, comprehensive and technical guide to the detail of the law. The EHRC technical guidance is not a statutory Code, but may be used as evidence in legal proceedings. Showing that the guidance has been followed - or being able to explain why it was not - will be relevant in demonstrating compliance with the Public Sector Equality Duty.

- 9.2 Equalities issues are key to the Local Code of Corporate Governance. The Council and its partners strive to promote equality of opportunity for all and eliminate discrimination. Good governance arrangements will help to ensure that the practices of the Council are open and accessible for all. These values are at the heart of Lewisham's Local Code of Corporate Governance and are specifically detailed in Section H: Accountability and Community Focus.

## **10 Environmental**

- 10.1 The revised national CIPFA/SOLACE governance frameworks suggests that Council's measure the environmental impact of policies, plans and decisions. It is best practice that all committee reports include an environmental implications section.

## **11 Community Safety**

11.1 There are no specific Community Safety Implications.

## **Appendix 1**

### **Code of Corporate Governance**

#### **A What is a Code of Corporate Governance?**

A Code of Corporate Governance might be defined as a statement of the system by which a local authority directs and controls the exercise of its functions and relates to the local community. This definition is founded on that used in the Cadbury Report on the Financial Aspects of Corporate Governance which related to the governance of private companies. However it also recognises the key role of local government in community leadership, by placing emphasis on relationships with local people.

#### **B The Purpose of a Code of Corporate Governance**

Aspects of corporate governance find expression in the everyday practices and procedures of a local authority. However an overarching Code of Corporate Governance fulfils the following purposes:-

- It stimulates confidence in the activities of local government, its politicians and employees, and the way it goes about business
- It focuses the minds of those involved in local government on making decisions in a proper way and engaging local stakeholders
- It assists with continuous improvement in the delivery of services, and serves to minimise the authority's exposure to risk.

#### **C Fundamental principles**

There are three fundamental principles for corporate governance. They are:-

- Openness
- Integrity
- Accountability

These are as relevant in the public sector as the private – possibly more so. These fundamental principles were expanded by the Nolan Committee on Standards in Public Life, and further strengthened as the guiding principles underpinning the statutory model code of conduct for members. These principles are readily accepted by the Council as underpinning all local government activity. They appear as an Appendix to the Council's Member Code of Conduct but are endorsed as applicable to all Council activity.

They are:-

- Selflessness - members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person
- Honesty and integrity - members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.
- Objectivity - members should make decisions on merit, including when making appointments, awarding contract, or recommending individuals for rewards or benefits
- Accountability - members should be accountable to the public for their actions and the manner in which they carry out their responsibilities and should co-operate fully and honestly with any scrutiny appropriate to their particular office
- Openness - member should be as open as possible about their actions and should be prepared to give reasons for them
- Personal Judgement - members must take account of the views of others (and this may include their political groups) but should reach their own conclusions on the issues before them and act in accordance with those conclusions
- Respect for others - members should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief and sexual orientation. They should respect the integrity and impartiality of the authority's statutory officers, and its other employees and not do anything to compromise that impartiality
- Duty to uphold the law - members should uphold the law and on all occasions act in accordance with the trust that the public is entitled to place in them
- Stewardship - members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law
- Leadership - members should promote and support these principles by leadership, and by example, and should always act in a way that secures or preserves public confidence.

## **D The decision making process**

Decisions will be taken in accordance with the following:-

- a) the decision will be made following an evaluation of options
- b) the decision maker will take professional advice (including financial and legal advice where the decision may have legal and/or financial consequences)
- c) the decision will be taken following a consideration of all relevant matters and disregarding irrelevancies
- d) reasons for the decision will be recorded as will details of options considered with reasons for their rejection
- e) action taken will be proportionate to the result to be achieved
- f) respect for human rights will be balanced with the Council's duty to the wider community
- g) a presumption in favour of openness, unless there are compelling lawful reasons preventing the consideration of matters in public
- h) consultation appropriate to the matter under consideration
- i) clarity of aims and desired outcomes
- j) the highest standards of ethical conduct, avoiding actual, potential and perceived conflicts of interest
- k) consideration of business by Council members will be on the basis of written reports containing all relevant service, corporate, legal and financial considerations
- l) all executive decisions may be subject to scrutiny by the Overview and Scrutiny Committee in accordance with the Council's constitution
- m) decisions will be taken in accordance with the Council or Mayoral Scheme of Delegation as appropriate, and these schemes will be maintained, kept up to date and made available to the public

## **E Ethics**

1. The Council will maintain and promote a Member Code of Conduct, which complies in all respects with all legal requirements.
2. The Council will maintain an Employee Code of Conduct, which complies with all legal requirements and promotes the highest standards of behaviour among employees.
3. Training will be provided for members and staff on the operation of the Codes of Conduct.

4. The Council will maintain a Members' Register of Interests in accordance with the law, and inform members of their duty to keep it up to date.
5. Key senior staff will be requested to disclose any interests which they have, which if they were a member they would be required to disclose, and a register kept of those interests declared.
6. The Council will maintain a protocol relating to the relationship between members and staff, promoting professional and effective relations between staff and all members, whether members of the Cabinet or overview and scrutiny.
7. The Council will adopt and maintain a whistleblowing policy, which is made widely available, and will report on referrals under it each year.

### **F Members' roles**

1. The Council will document the roles of all members of the authority including the relative roles of the Mayor and Cabinet and non-executive members of the authority. Officers will support all members in the performance of these roles.
2. Members will maintain appropriate schemes of delegation and in particular define those matters reserved for collective decision by the full Council.
3. Members will put in place clearly documented processes for policy development, implementation and review and for decision making, monitoring and control, as well as procedural and financial regulations relating to the conduct of Council business.
4. Members will recognise that although within the Council they may fulfil different roles (for example as scrutineer or member of the political Executive) the Council remains a single corporate entity and can only function effectively if there is an appropriate balance between this corporate approach and the need to ensure that executive decisions are made appropriately and scrutinised constructively.
5. As required by law, members will put in place the terms of their remuneration and arrangements for review by an Independent Remuneration Panel.
6. Each year the Council will publish details of remuneration paid to each member of the Council.

### **G Officers' roles**

1. The Council will maintain the post of Head of Paid Service (Chief Executive - responsible for the management of the Council's workforce and overall corporate management of the authority) separate from the political executive of the authority.

2. The Council will maintain the post of Chief Finance Officer to advise on the proper administration of the Council's financial affairs, keeping proper financial records and maintaining effective systems of financial control.
3. The Council will maintain the post of Monitoring Officer who will be the person responsible to the authority for ensuring that procedure, legislation and good practice are complied with.
4. The Head of Paid Service, the Monitoring Officer and the Chief Finance Officer shall be entitled to attend any meeting of the Council, the Mayor and Cabinet or any committee.
5. When considering any matter members must have regard to the advice of the Council's statutory officers.
6. All staff will have job descriptions which clearly define their roles, responsibilities and remuneration.
7. Council employees will support and advise all members of the Authority irrespective of whether they are executive or nonexecutive members.

#### **H Accountability and Community Focus**

1. The Council will record its decisions in writing and make those written records and the reasons for a decision available to the public.
2. All decisions made by the Mayor or delegated by him will be available for scrutiny by the overview and scrutiny committee in accordance with the Council's constitution.
3. The Mayor, members of the Cabinet and Executive Directors may be required to give account for their performance to the relevant overview and scrutiny committee.
4. The Council will publish annual performance targets and report on performance against those targets annually.
5. The Council will adopt a performance management framework to analyse key performance indicators and make information about performance against those indicators publicly available periodically.
6. The Council will put in place mechanisms to encourage participation in the affairs of the Council by individuals and groups from a broad cross section of the community, and will monitor their effectiveness.
7. In consultation with the local community will develop a vision for the local community and other stakeholders and will ensure that that vision is expressed clearly and publicised.
8. The Council will co-operate fully with external inspectors and respond positively to their findings, making arrangements to implement agreed actions effectively.

## **I Financial matters**

In addition to those financial matters raised elsewhere in this code, the Council will:-

1. Put in place a process by which resources are allocated to priorities
2. Adopt a financial reporting process to ensure that members receive financial monitoring reports at appropriate intervals
3. Maintain an objective and professional relationship with external auditors
4. Publish an annual statement of accounts in a timely manner

## **J Risk Management**

1. The Council will put in place a robust system for identifying and evaluating significant risks to the authority
2. The Council will put in place effective risk management systems, including systems of internal control as well as effective arrangements for an objective review of risk management and internal control
3. Annually the Council will publish an objective balanced and understandable statement and assessment of the authority's risk management mechanisms and their effectiveness.

## **K Partnership Governance**

The Council will ensure that it has robust and effective mechanisms to ensure that its partnerships are effectively grounded, and that the risks involved in partnership working are accurately identified and appropriately managed.

## **L Review**

The Council will monitor compliance with this Code annually. The Head of Paid Service, Chief Finance Officer and the Monitoring Officer will present a joint report to the Standards Committee on the extent of compliance, and the Council's annual statement of accounts will contain a statement explaining the extent of compliance. The officers will also present any proposals for amendment to the Code for consideration.