

Appendix 2



# Review of the Local Code of Corporate Governance

2017-18

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

# Section 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.

## Section 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.

# Section 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.

Evidence of compliance

# Section D: decision making

The principles of decision making appear as Article 16 within the Constitution. Standards Committee receives a report on Member compliance with the Code of Conduct. In October 2017 the Standards Committee reported the Member Code of Conduct appeared to be well embedded in Lewisham and that evidence suggested there was a high level of compliance.

Executive decisions are subject to review by Overview and Scrutiny business panel and may be called-in in accordance with the Council's Constitution. The most recent example of a matter referred to the Mayor for reconsideration in accordance with the call in procedure was the report on the New Bermondsey CPO which the Mayor and Cabinet was asked to reconsider in September 2016 and which was subsequently not progressed.

In addition to the procedural requirements stated above, three examples of the decision making process have been examined against the key principles of this dimension of the local code. The evidence indicates that the decision making process is sound, transparent and consistent with the requirements of the code. The reports considered by Mayor and Cabinet were:

- Ladywell Playtower Selecting a Restoration Partner - November 2017  
<http://councilmeetings.lewisham.gov.uk/documents/s53641/Ladywell%20Playtower%20Part%201.pdf>
- Delivering additional school places for Children and Young People with Special Educational Needs and Disabilities (SEND) Consultation Feedback and Permission to move to next stage – December 2017  
<http://councilmeetings.lewisham.gov.uk/documents/s53926/Delivering%20additional%20school%20places%20for%20Children%20and%20Young%20People%20with%20Special%20Educational%20Needs%20and.pdf>
- Working in the Private Rented Sector – January 2018  
<http://councilmeetings.lewisham.gov.uk/documents/s54473/Working%20in%20the%20Private%20Rented%20Sector.pdf>

# Section E: ethics

To publicise the code, the following actions have been taken:

- The [Code of Corporate Governance](#) and the Council's [ethical standards](#) are available on the Lewisham website. Internally, the Code of Conduct is available on the intranet. Related information is also publicly available on the website. For example, sites include information on [how the Council is governed](#) and the [comments, complaints and compliments](#) process.
- Lewisham Life delivered to all households in the borough, includes Member contact details and a standing item on the Code of Conduct in the 'What's On' section of each edition of the magazine.
- With reference to contracts, the Council's [Code of Practice for Suppliers and Service Providers](#) refers specifically to the Member Code of Conduct.
- A new procedure for the investigation of complaints was adopted by the Council in June 2012 and this was reviewed by the Standards Committee on [26 March 2014](#). The Committee made minor, but not significant, changes. At the same meeting, the cases investigated during the year and the outcomes were reported. Allegations of breach of the Member Code of Conduct are now referred initially to the Monitoring Officer. In accordance with statutory requirements the Council has appointed two people to serve as the Independent Person whose views are to be sought prior to the Standards Committee making any decision on an allegation that has been investigated. The Chair of the Standards Committee reports back to Full Council at each AGM on 27 March 2017.

# Section F: member roles

## Scheme of delegation

The Constitution sets out which decisions are referred to Full Council. In 2017/18 reports to Council have included the delegation of further functions to London Councils Transport and Environment Committee, participation in the London Business Rates Pilot, receipt of the report of the Lewisham Poverty Commission, consideration of the outcome of the Barriers to Politics Working Group, membership of a further Joint Health Overview and Scrutiny Committee and the recruitment of a new Chief Executive.

# Section G: officer roles

Article 14 of the Constitution designates seven posts as statutory officers. In addition to the three corporate statutory roles, i.e. Head of Paid Service, The Monitoring Officer and the Chief Finance Officer, there is the:

- Executive Director for Children and Young People who is responsible for all of the functions of Director of Children Services set out in section 18 Children Act 2004;
- Executive Director for Community Services who is the statutory director for Adult Services;
- Head of Corporate Policy and Governance who is the officer responsible for the promotion of scrutiny within the Council and the wider community: and
- Director for Public Health

The Constitution provides that decisions can only be made on the basis of full written reports incorporating service, corporate, financial and legal implications. There is an agenda planning process to ensure these considerations are addressed in reports.

It is a constitutional requirement that senior Council officers support all members regardless of their position on either the executive or scrutiny function. Article 14.4 details the functions of the Head of Paid Service including responsibility for the provision of professional advice in the decision making process. This is also detailed in functions of the Monitoring Officer (Article 14.5) and the Chief Finance Officer (Article 14.6)

The protocol for Member/Officer Relations, which is attached to the Code of Conduct within the Constitution also clearly sets out the expectations of officers in terms of their support to members.

# Section H: accountability and community focus (1)

## Member development

Members benefit from ongoing training and development, attending a wide range of external courses and in-house training delivered by external trainers, including sessions on mental health first aid, air quality, questioning skills, children's safeguarding, looked after children, the private rented sector, major incidents and emergency planning, effective scrutiny, youth services, collaborative partnership working and scrutiny in a digital age

## Records management

Modern.Gov is used for the content management and publication of agendas and other committee documents. This allows for all committee documents to appear on the public website at the same time as they are sent for manual printing. Members can also use the Modern.Gov App to access their papers electronically on their iPads.

## Participation and engagement

Overview and Scrutiny - committees regularly encourage contributions and participation from local people in the scrutiny process. For example; Grove Park residents spoke at the Healthier Communities Select Committee in July 2017 in relation to a proposed new Health Centre in that ward; and Lewisham cyclists participated in discussion at a Sustainable Development Select Committee in July 2017 on the implementation of the new cycling strategy. Scrutiny site visits, including those to schools and housing schemes allow scrutiny councillors to hear from local residents in a more informal manner.

# Section H: accountability and community focus (2)

## Cabinet attendance at scrutiny committee

Cabinet Members attended select committee meetings to discuss and take questions on matters within their portfolios. This included, for example:

- **Mayor** – Overview and Scrutiny Committee on 11 July 2017; Children and Young People Select Committee on 11 December 2017; Sustainable Development Select Committee on 18 January 2018; and Public Accounts Select Committee on 6 February 2018
- **Cabinet Member for Resources** – Public Accounts Select Committee on 19 April 2017; 13 July 2017; 16 November 2017; and 6 February 2018; and Overview and Scrutiny Committee on 11 July 2017
- **Cabinet Member for Policy and Performance** – Safer, Stronger Communities Select Committee on 12 July 2017 and 2 November 2017; Public Accounts Select Committee on 27 September 2017; and Healthier Communities Select Committee on 1 November 2017 and 7 February 2018
- **Cabinet Member for Children and Young People** – Children and Young People Select Committee on 19 April 2017; 28 June 2017; and 11 December 2017
- **Cabinet Member for Community Safety** – Safer, Stronger Communities Select Committee on 13 December 2017
- **Cabinet Member for Social Care, Health and Older People** – Public Accounts Select Committee on 27 September 2017; Healthier Communities Select Committee on 1 November 2017; and Sustainable Development Select Committee on 18 January 2018

# Section H: accountability and community focus (3)

## **Comprehensive Equalities Scheme 2016-20**

The [Comprehensive Equalities Scheme \(2016-20\)](#) (CES) sets out the Council's overarching equalities objectives and ensures that Lewisham is compliant with the three aims of the Public Sector Equality Duty which is part of the Equality Act 2010. A new CES was agreed by the Mayor in March 2016, the new was agreed by the Mayor. In March 2018, the Safer Stronger Communities Select Committee received their customary annual update which, for the second time, reported progress on CES objectives through the prism of five high-level strategies

## **Dyson Inquiry**

In February 2017, Full Council agreed to the establishment of an [Independent Inquiry](#) into matters related to Lewisham Council's proposed compulsory purchase order of land at New Bermondsey/Surrey Canal. The Inquiry, commenced in April 2017, and was chaired by former Master of the Rolls (President of the Court of Appeal of England and Wales and Head of Civil Justice), the Right Honourable Lord John Dyson. The Inquiry outcome was reported to the Council on 17 January 2018. The Inquiry found no wrong-doing on the part of Members or officers involved in the decision-making process.

## **Statutory inspection**

In September Lewisham was subject to a statutory inspection of Special Educational Needs and Disabilities, by Ofsted and the Care Quality Commission. The, largely positive, final report identified a number of strengths in addition to a few areas for further development.

## **Corporate Performance Management and Self-Regulation Framework**

A review of the Council's Corporate Performance Management Framework took place in the fourth quarter of 2017/18. The new framework further refines the Council's performance management approach in light of current and emerging challenges and demands. In particular, it responds to challenges highlighted in recent external inspection, for the need to improve data quality management arrangements. The Corporate Performance Management Framework was signed off by the Executive Management Team in February 2018.

# Section H: accountability and community focus (4)

## Complaints

The Council's Comments, Complaints and Compliments procedure is publicised on the website. The Codes of Conduct and the whistle blowing procedure are published on the Council's website and referenced in each edition of the Council's magazine Lewisham Life, which is delivered to all households and is available in electronic format. The Council has taken active steps to improve its complaints procedure and has upgraded the Council's complaints management system, iCasework, to record complaints and feedback. The Council's website has been updated to provide comprehensive information relating to complaints. This also includes a fact sheet about the role of the Independent Adjudicator.

Where required staff receive training on complaints management. The training is designed to ensure that services learn from complaints, how to take preventative and corrective action and how to write an effective letter. The training will ensure there is a better understanding of the relationship between good complaints management and its impact on service development.

The Head of Public Services for Customer Services reports annually to the Standards Committee with an update on all non-statutory complaints for the Council. Complaints performance is considered annually by Mayor and Cabinet and the Public Account Select Committee. Further reports are considered at Directorate Management Team level.

## Budget strategy

The Council prepares a Medium Term Financial Strategy (MTFS) each year for the coming four years. This is then used to prepare the necessary changes (e.g. savings) to enable Council to consider and approve a balanced budget each February. The Lewisham Future Programme work in 2017/18 took the form of deep dive challenge sessions into individual service areas, led by the Executive Director for Resources and Regeneration as Acting Chief Executive, supported by 'line by line' budget reviews by the Mayor with respective Cabinet members before the budget.

While the external audit progressed well, the financial statements opinion for 2016/17 has not been certified pending completion of a review of two objections to the accounts. These objections were received by a number of local authorities and is being picked up as part of 2017/18 work. The value for money opinion was concluded without any significant issues, after the Dyson report was issued.

# Section I: financial matters (1)

The Council's corporate, financial and asset planning processes are integrated. This ensures that the policy implications of both capital and revenue resource allocation decisions are fully considered during the budget setting process.

The annual budget report for 2017/18 went to Mayor and Cabinet on 15 February 2017, and subsequently to Council on 22 February 2017. As in previous years, all budget savings proposals were analysed for their impact on each of the ten priorities; they were also assessed for their equalities impact in line with equality legislation. Conscious and explicit policy choices were made during this process to allocate resources to priorities and respond to identified risks and pressures.

In looking forward, the annual budget report for 2018/19 was reported to Mayor & Cabinet on 7 February 2018 and subsequently to Council on 21 February 2018.

Financial monitoring reports are produced monthly and are reported to the Executive Management Team. These are also reported to Public Accounts Select Committee and Mayor and Cabinet every quarter. Last year's in-year forecasts were broadly consistent throughout most of the year, but saw a marked increase in the overspend at the year-end. The rolling forecasts used throughout the year supported monitoring of the implementation of savings and the efficient closure of the accounts and reporting of those to Members.

## Section I: financial matters (2)

Grant Thornton are the Council's external auditors. The feedback from Grant Thornton on the audit of 2016/17 financial statements, including the pension fund, provided unqualified opinions on both their financial and value for money work. In issuing their opinion on the accounts, Grant Thornton said:

*“The Council presented accounts for audit on 30<sup>th</sup> May, in line with the agreed earlier timetable. Finance staff responded very promptly to audit queries and provided good quality working papers. Consequently we believe the Council is well placed to meet the earlier deadlines from 2018. We reported the key issues from our audit of the accounts to the Audit Panel on 14 September 2017. The accounts were prepared to a very high standard of quality showing continuing improvements. We did not identify any significant issues.”*

The last Statement of Accounts was approved by Full Council on 20<sup>th</sup> September 2017 in line with the requirements of the statutory regulations.

# Section J: risk management

The Council's governance in respect of risk management did not change in 2017/18. The reporting of risk builds on the risks identified in service plans, through Directorate registers, and onto the Corporate register. Project risks are reported in registers for each project and a separate partnership register is maintained. Monitoring of risk is also integrated in the performance management framework and reporting.

Directorate and Corporate risk registers are reviewed quarterly by the Executive Management Team (EMT) and the Internal Control Board (ICB). The review of the risk management strategy concluded in 2017/18 and was reported to EMT and ICB and to the Audit Panel for formal adoption. The Audit Panel also approved the annual risk based internal plan and received quarterly reports on delivery against the plan.

For 2017/18 internal audit, through a combination of in-house and contracted reviews, delivered the agreed reviews and the Head of Internal Audit reported to the Audit Panel with their annual assurance opinion on the operation of the Council's control frameworks reviewed. The last annual opinion was 'Limited' in respect of 2016/17 work. The opinion for 2017/18 will be reported to the Audit Panel in July 2018.

The Council's audited 2017/18 financial statements and the Annual Governance Statement (AGS) as part of these will be reported to the Audit Panel and Full Council in July 2018.

During 2017/18, following the secondment and then departure of the Council's Chief Executive, a number of acting up arrangements were in operation. These arrangements ran until May 2018 when the new Chief Executive started. They ensured that accountability and responsibility for decision making within the Council's governance arrangements was maintained and any potential conflicts of interest managed.

# Section K: partnership governance

The London Boroughs of Lewisham, Lambeth and Southwark have established a S101 Joint Committee to facilitate joint working between the three boroughs under the “Better Place Partnership” brand. As the Joint Committee is executive in nature, every member appointed to the Joint Committee is a member of one of the local authorities executive. The Joint Committee is open to the public and is subject to overview and scrutiny requirements as set out under s9 of the Local Government Act 2000 and to call-in. All three boroughs have appropriate scrutiny arrangements in place.

Under the Health & Social Care 2012 local authorities were required to have established a Health & Well-Being Board as a Committee by 1<sup>st</sup> April 2013. The Health and Well-being Board brings together elected members and strategic partners to identify local health challenges and leads on the activity necessary to address them. The Boards responsibilities include:

- preparing an assessment of relevant needs (the Joint Strategic Needs Assessment);
- preparing and publishing a strategy to meet the needs identified in the Joint Strategic Needs Assessment;
- the Board also has a legal duty to encourage integrated working between health and social care services.

# Section K: partnership governance (2)

Under the Children Act 2004, every local authority was required to establish an independently chaired local safeguarding children board (LSCB) to coordinate and ensure the effectiveness of persons/bodies in their area for the purpose of safeguarding and promoting the welfare of children. A standardised membership list is prescribed by the Children Act 2004.

The Lewisham Safeguarding Children's Board (LSCB) brings together all the main organisations who work with children and families in Lewisham, with the aim of ensuring that they work together effectively to keep children safe. The LSCB's objectives, as set out in Working Together to Safeguard Children 2015, are:

- to co-ordinate the work of agencies to safeguard children and promote the welfare of children within Lewisham
- to ensure the effectiveness of safeguarding children in Lewisham

The Care Act 2014, Chapter 23, Part 1, Section 43 requires that: each local authority must establish a Safeguarding Adults Board (an "SAB") for its area. The overarching purpose of Lewisham Safeguarding Adults Board (LSAB) is to help and safeguard adults with care and support needs by:

- assuring itself that local safeguarding arrangements are in place as defined by the Care Act 2014 and statutory guidance;
- assuring itself that safeguarding practice is person-centred and outcome-focused;
- working collaboratively to prevent abuse and neglect where possible;
- ensuring agencies and individuals give timely and proportionate responses when abuse or neglect have occurred; and
- assuring itself that safeguarding practice is continuously improving and enhancing the quality of life of adults in Lewisham.

# Section K: partnership governance (3)

Other partnerships that the Council is engaged include:

- Joint Committee with Croydon for the street-lighting private finance initiative to manage over 25 years the re-provision, maintenance and management of all street lighting and illuminated street furniture across the Borough.
- Local Education Partnership for maintaining the £240m of schools built under Private Finance Initiative contracts in the Borough.
- Health and Social Care Integration with staff seconded between the Council and the Lewisham Clinical Commissioning Group to support the preparation of plans and monitoring of activities.

# Section 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.

This Report is submitted as evidence of compliance with the review procedure as stated above.

# Key dates over the past 12 months

Date	Activity
February 2018	Council's Budget is reported to Full Council
	Council's Budget is reported to Mayor & Cabinet
November 2017	Annual update of register of interests were last updated in November 2017
October 2017	The Standards Committee reviewed the whistle blowing policy and received a report about the complaints made under the whistle blowing policy during the course of the year.
	The Standards Committee reported that the Member Code of Conduct appeared to be well embedded in Lewisham and that evidence suggested there was a high level of compliance.
September 2017	Statement of Accounts reported to Full Council
January 2017	Outcome of the Interdependent Inquiry of New Bermondsey/ Surrey Canal reported to Full Council