

Review of the Local Code of Corporate Governance 2018-19

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.

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 November 2018 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 on 19 March 2019 and relates to the Lewisham Homes Articles Amendment.

In addition to the procedural requirements stated above, there are other 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:

- Working in the Private Rented Sector – January 2018

<http://councilmeetings.lewisham.gov.uk/documents/s54473/Working%20in%20the%20Private%20Rented%20Sector.pdf>

- New Homes Procurement – July 2018

<http://councilmeetings.lewisham.gov.uk/documents/s58206/New%20Homes%20Procurement.pdf>

- Response to the Poverty Commission –October 2018

<http://councilmeetings.lewisham.gov.uk/documents/s59783/Poverty%20Commission.pdf>

- Perry Vale and the Christmas Estate Conservation Area, Appraisal and Article 4 direction (SPD) January 2019

<http://councilmeetings.lewisham.gov.uk/documents/s61899/Perry%20Vale%20and%20the%20Christmas%20Estate%20Conservation%20Area%20Appraisal%20and%20Article%204%20direction%20SPD.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. The Standards Committee receives an annual report on the cases brought during the year and the outcome of such cases. This was most recently considered by the Standards Committee on the 22nd November 2018. 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 reported back to Full Council at the AGM on 23 May 2018.

Section F: member roles

Scheme of delegation

The Constitution sets out which decisions are referred to Full Council. In 2018/19 reports to Council have included a Constitutional Review agreeing a new Mayoral Scheme of Delegation changing the entire basis of Council decision making; adoption of a revised Scheme of Member Allowances; adoption of a JNC Framework for Statutory Officers; endorsement of an Agreed Syllabus for Religious Education; consultation on a preferred site for Gypsies and Travellers; consideration of the findings of the Local Government Social Care Ombudsman; adoption of the Corporate Strategy and Local Democracy Review.

Section G: officer roles

Article 14 of the Constitution designates eight 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
- Head of Information Governance

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

Member development

Following the local elections, Members received a comprehensive induction programme. A wide range of training sessions were provided including mandatory sessions covering ethics, data protection, safeguarding and casework; and also planning and licensing for members of those committees. Other sessions were optional with attendance based on allocated duties and personal interests. A borough bus tour saw Members visit key housing and regeneration sites within the borough and the walking tour of Beckenham Place Park introduced new councillors to the park, its history and future improvement plans. Members also had the option of booking 'frontline experience sessions', enabling them to gain first-hand experience of delivering a local service. The sessions allowed councillors to shadow/meet staff, get an understanding of their roles and hear their ideas on how services could continue to develop to meet the changing needs of residents.

Instead of a traditional handbook, a bespoke SharePoint site was developed containing all the information new and returning councillors would require in order to fulfil their duties. The site is accessible via an icon loaded onto Member iPads. Personal Development Plan meetings were offered to all councillors from September 2018 onwards with the aim of establishing individual learning needs and objectives.

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. This is often done outside of the formal meeting process, via visits, although members of the public are welcome to speak at formal meetings if they prefer.

Visits: The Children and Young People Select Committee has carried out a suite of visits to secondary schools to gather evidence for its exclusions review; Members of the Safer Stronger Communities Select Committee have been on patrol with the Police; the Housing Select Committee has visited Hamilton Lodge Hostel to meet residents; and the Healthier Communities Select Committee has visited the extended access and ambulatory care unit at University Hospital Lewisham and a Care Home to engage with patients and residents.

Meetings: People who have spoken at Scrutiny meetings held in 2018/19 include a pub landlord; library users and representatives of: Voluntary Action Lewisham; The 'Save Lewisham Hospital Campaign'; Parent Engage; the 'Build the Lennox' group; CAMRA; the Fair Pint Campaign; the 'Save Lewisham Libraries Campaign'; Second Wave; the Lewisham Safer Neighbourhood Board; the Lewisham People's Parliament; various tenant Scrutiny panels; and the Lewisham Homelessness Forum.

Consultation: The Children and Young People Select Committee regularly hears from the Young Mayor and the Young Mayor Advisors; and has liaised with school governors to secure their input into its exclusions review. The Committee has also visited the Abbey Manor Pupil Referral Unit to hear the experiences of Abbey Manor students and parents. Representatives of the Safer Stronger Communities Select Committee also attended a Lewisham Youth Advising Police Group meeting to consult its Members.

Members of the public can also suggest items for scrutiny with information on how to do this, provided on the Council website.

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 30 October 2018; Healthier Communities Select Committee on 16 January 2019; and Public Accounts Select Committee on 7 November 2018 and 5 February 2019.
- **Deputy Mayor of Lewisham and Cabinet Member for Health and Adult Social Care** - Healthier Communities Select Committee on 9 October 2018; Public Accounts Select Committee on 7 November 2018; and Overview and Scrutiny Committee on 7 March 2019.
- **Cabinet Member for Democracy, Refugees and Accountability** - Overview and Scrutiny Committee on 28 January 2019.
- **Cabinet Member for School Performance** - Children and Young People Select Committee on 28 June 2018, 5 September 2018, 17 October 2018 and 6 December 2018; Public Accounts Select Committee on 9 July 2018 and 25 September 2018; and Overview and Scrutiny Committee on 7 March 2019.
- **Cabinet Member for Housing** - Housing Select Committee on 5 July 2018, 31 October 2018 and 17 December 2018; Safer, Stronger Communities Select Committee on 5 November 2018; Public Accounts Select Committee on 9 July 2018 and 25 September 2018; and Overview and Scrutiny Committee on 28 January 2019.
- **Cabinet Member for the Community Sector** - Safer, Stronger Communities Select Committee on 5 November 2018 and Overview and Scrutiny Committee on 28 January 2019.
- **Cabinet Members for Finance, Skills and Jobs** - Overview and Scrutiny Committee on 30 October 2018; and Public Accounts Select Committee on 9 July 2018, 25 September 2018, 7 November 2018, 20 December 2018 and 5 February 2019.
- **Cabinet Members for Parks, Neighbourhoods and Transport** - Sustainable Development Select Committee on 12 July 2018; Safer, Stronger Communities Select Committee on 5 November 2018; and Overview and Scrutiny Committee on 7 March 2019.

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 2019, 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

Statutory inspection

In September 2018, Lewisham was subject to a Focused Visit by the regulator Ofsted. The, final report identified a number of strengths in addition to a 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 2018/19. 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 March 2019.

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. cuts) to enable Council to consider and approve a balanced budget each February. The Council's approach to cuts in 2018/19 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 with respective Cabinet members before the budget. This approach at officer and member level considered existing service budget pressures alongside cuts proposals and the use of reserves to manage the budget over the medium term.

The external financial audit concluded in September 2018 for the 2017/18 accounts. The Value for Money (VFM) opinion was issued in February 2019, following the conclusion of additional work to assess the Council's response to findings in respect of the governance of transformation work. The audit opinion on the financial statements was unqualified. However, the audit opinion on the VFM arrangements received an 'except for' qualification on the basis of the need for improvements in the governance arrangements of transformation work. The audit certificates for both the 2016/17 and 2017/18 accounts remain open pending the auditors completing their work into two objections – Lender Option Borrower Option loans and Private Finance Initiatives – received by Lewisham and a number of other local authorities in 2016/17.

Section I: financial matters

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 2018/19 went to the Public Accounts Select Committee on 6 February 2018. Mayor and Cabinet on 7 February 2018 and subsequently to Council on 21 February 2018. As in previous years, all budget cuts proposals were analysed for their impact on each of the ten priorities. In February 2019 the Council adopted a new corporate strategy with seven priorities. The cuts proposals 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 2019/20 was considered by the Public Accounts Select Committee on 5 February 2019 and was reported to Mayor & Cabinet on 6 February 2019 and subsequently to Council on 27 February 2019.

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, with particular pressures continuing in the

Children Social Care and Environment services. Actions in respect of these pressures was scrutinised at a number of member forums during the year to inform the regular financial monitoring. The rolling forecasts used throughout the year supported monitoring of the implementation of cuts and the efficient closure of the accounts and reporting to Members by the earlier statutory deadline of July 2018.

Grant Thornton are the Council's external auditors. The feedback from Grant Thornton on the audit of 2017/18 financial statements, including the pension fund, in issuing their opinion on the accounts, Grant Thornton said:

We have audited the financial statements of the London Borough of Lewisham (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2018. In our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2018 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

The last Statement of Accounts was approved by Full Council on 20 September 2018 in line with the requirements of the statutory regulations.

In respect of their VFM opinion, Grant Thornton said:

"Our review of [governance] arrangements in respect of your transformation programme did, however, identify a number of significant weaknesses in respect of those arrangements.

Once senior management was made aware of these issues, their response was appropriate and effective.

Based on the work we have performed to address the significant risks set out in the audit plan, we have concluded that, except for the matters we have identified in respect of transformation governance arrangements, the Council has proper [VFM] arrangements in all significant respects."

Section J: risk management

The Council's governance in respect of risk management did not change in 2018/19. 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 through 2018/19.

For 2018/19 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 'Satisfactory' in respect of 2017/18 work. The opinion for 2018/19 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 2019.

During 2018/19, the Council's Executive Director for Resources and Regeneration was acting Chief Executive to May 2018, when the new Chief Executive started, and again from November 2019 following their departure. These arrangements 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 1st 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.

Under the Children Act 2004, every local authority was required to establish an independently chaired local safeguarding children board. The Lewisham Safeguarding Children's Board (LCSB) 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 LCSB is currently in place.

The Children and Social work Act 2017 removed the requirement for local authorities to establish a Local Safeguarding Children's Board (LSCB) and instead to place a duty on three safeguarding partners-the local authority, police and health-to work together to safeguard and promote the welfare of children in the area. The Act also provides for a new system of local and national reviews. The framework sets out clear responsibilities for the three local safeguarding partners, while allowing them the freedom to determine which other local agencies they should work with and how best to improve outcomes for children in the area. Following the passage of the Act in April 2017, the Government revised the statutory guidance, Working Together to Safeguarding Children, the regulations required to commence the legislation were published in June 2018.

Requirements:

- **Safeguarding Partnerships** – the safeguarding partners are required to make arrangements to work together to safeguard and promote the welfare of children in the area. They will have the power to identify and place a duty on other relevant agencies to co-operate with their arrangements. It will be for local areas to decide how this should work in practice and what geographical area their arrangements will cover. In addition to greater flexibility, transparency will be embedded in the system- including through the publication of a plan which will set out how safeguarding partners plan to work together and published annual reports on the effectiveness of their arrangements. Safeguarding partners are required to arrange for the independent scrutiny of these arrangements.
- **Timescales-** the implementation of the new safeguarding arrangements require the partnership to publish a plan by the end of June 2019 and to implement this by the end of September 2019 by which time LSCBs will be abolished.
- **Early Adopter bid** – Lewisham agreed to be an Early Adopter of these arrangements alongside Bexley and Greenwich, so we will need to publish their arrangements before this June date.
- Work is underway in partnership within the Borough and in discussion with Bexley and Greenwich to agree and finalise our arrangements and publish our plan by June 2019.

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.

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 reporting period

A summary of key dates over the past 12 months are set out in the table below.

Date	Activity
February 2019	Council's Budget is reported to Full Council
February 2019	Council's Budget is reported to Mayor & Cabinet
	Annual update of register of interests were last updated
November 2018	The Standards Committee reviewed the whistle blowing policy and received the Annual Complaints Report 2017/18
November 2018	The Standards Committee reported that compliance with the Member Code of Conduct appeared to be well embedded in Lewisham and that evidence suggested there was a high level of compliance
July 2018	2017/18 Statement of Accounts reported to Full Council