
Audit and Procurement Committee

26 March 2018

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Cllr G Duggins

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

N/A

Title:

Code of Corporate Governance

Is this a key decision?

No

Executive Summary:

The Council approved a new Code of Corporate Governance in April 2017. The Code and associated guidance provides a framework to help ensure that the Council's governance arrangements are up to date and reflect best practice. Audit and Procurement Committee reviewed a draft of the revised Code prior to its adoption and particularly considered the process for reviewing progress. This report summarises the outcome of the review work carried out during the last year which will inform the Annual Governance Statement which will be presented to the Audit and Procurement Committee in June as part of its consideration of the statement of accounts for 2017/18.

Recommendations:

The Audit and Procurement Committee is recommended to note the outcomes of the review of corporate governance arrangements and make any recommendations for consideration as part of the development of the Annual Governance Statement.

List of Appendices included:

Appendix 1: Code of Corporate Governance

Other useful background papers:

Delivering Good Governance in Local Government: Framework (2016 edition)
Delivering Good Governance in Local Government: Guidance for English Local Authorities (2016 edition)
(Governance Services, Room 79, Council House)

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Code of Corporate Governance

1. Context (or background)

- 1.1 Coventry City Council has a range of measures in place to ensure that governance in the organisation is managed effectively and works hard to ensure that these arrangements are robust and meet best practice. In reality this is achieved through a range of policies, plans, procedures such as the Constitution (including codes of conduct for Members and employees), the Council Plan, the Medium Term Financial Strategy and policies on whistle blowing, tackling fraud and corruption and managing risk.
- 1.2 The Council updated its Code of Corporate Governance in April 2017 to reflect national guidance and best practice. The Code provides a framework against which the organisation's governance arrangements can be assessed to ensure that the principles of the code are being met, that there are systems and processes in place to measure their effectiveness and that gaps in policies, performance or assurance are identified and appropriate actions developed.
- 1.3 In adopting its new Code, the Council introduced an annual review process to assess the Council's arrangements against examples of systems, processes, documentation and other evidence set out in the national framework. Local authorities are required to conduct a review at least once every financial year of the effectiveness of their systems of internal control and to report on this review with its Statement of Accounts. The Audit and Procurement Committee is responsible for approving the Annual Governance Statement alongside the Statement of Accounts. The Code of Corporate Governance and its annual review will inform this process.

2. Options considered and recommended proposal

- 2.1 Strategic leads for areas including HR, Audit, Procurement, Finance, Governance and Legal Services have reviewed and updated progress since the Code was introduced. Progress made on strengthening the Council's governance arrangements and meeting the standards set out in the Code during the last year has included the introduction of:
 - a revised Whistleblowing Policy;
 - a new Member Officer Protocol;
 - a revised Risk Management Policy, Strategy and Framework;
 - a new annual report from Ethics Committee to Council;
 - a comprehensive Leadership Management Framework.

2.2 The review has also identified a number of actions that will help to strengthen the Council's corporate governance arrangements over the coming year and these include:

| Action | Lead Officer | For consideration/oversight by |
|--|---|--|
| Introduction of a Monitoring Officer Protocol | Monitoring Officer | Ethics Committee |
| Review and update the Code of Good Planning Practice for Members and Employees Dealing with Planning Matters | Planning/ Legal/ Governance Services | Constitutional Advisory Committee, Cabinet Member Policing and Equalities, Planning Committee and Council |
| Establishing a counter fraud framework including updating the Fraud and Corruption Strategy* | Chief Internal Auditor | Audit and Procurement Committee |
| Review and update the terms of reference for the Audit and Procurement Committee | Chief Internal Auditor | Constitutional Advisory Committee, Cabinet Member Policing and Equalities, Audit and Procurement Committee and Council |
| Commission an independent assessment of the Audit and Procurement Committee | Chief Internal Auditor | Audit and Procurement Committee |
| Review of the rules of contract and procurement governance arrangements | Head of Procurement and Commissioning | Procurement Board |
| Implement the Workforce Strategy* | Head of HR and OD | Strategic Management Board and Council |
| Review and update employment policies | Head of HR and OD | Strategic Management Board and Council |
| Continued implementation of the Leadership Development Framework | Head of HR and OD | Strategic Management Board |
| Development of a Communications Strategy | Head of Communications | Strategic Management Board |
| Implementation of the action plan developed in response to the Audit carried out by the Information Commissioner's Office* | Head of Information Governance | Audit and Procurement Committee and Cabinet Member Policy and Leadership |
| Develop and implement procedure to record and publish relevant decisions by officers | Members and Elections Team Manager | Constitutional Advisory Committee, Cabinet Member Policing and Equalities, Audit and Procurement Committee and Council |
| Implementation of Partnership Working governance principles | Deputy Chief Executive, People | Local Public Service Board |
| Strengthen corporate arrangements for the co-ordination of consultation, engagement and equalities activities for formal decision making processes | Insight Manager (Engagement) | Strategic Management Board |

* Actions marked relate to significant governance issues highlighted in last year's annual governance statement.

3. Results of consultation undertaken

3.1 No consultation has been undertaken.

4. Timetable for implementing this decision

4.1 Reviewing the Council's progress against the Code supports the development of the Annual Governance Statement. The Statement will detail key governance and control issues facing the Council in the coming year and will be considered by the Audit and Procurement Committee in June.

5. Comments from Director of Finance and Corporate Resources

5.1 Financial implications

There are no direct financial implications arising from this report. Ensuring that the Code is up to date and reflects best practice will support robust internal control and strong financial management.

5.2 Legal implications

The Accounts and Audit Regulations 2015 require that local authorities produce an Annual Governance Statement as part of their Statement of Accounts but there are no direct legal implications arising from this report.

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

The Code is an important part of the framework and assurance process that helps to ensure that governance arrangements for decision-making and implementation of the Council's policies, plans and procedures are effective.

6.2 How is risk being managed?

Robust internal control, including ensuring effective arrangements for risk management, is a principle of the Code. Building the Code into the annual cycle for reviewing governance and internal control will help to ensure that any risks that could impact on effective corporate governance are identified and addressed

6.3 What is the impact on the organisation?

The Code provides the framework for the key policies, plans, protocols and systems which support good governance across the Council. Using the Code as the basis for a programme of regular review and developing appropriate actions to meet any gaps will over time strengthen governance arrangements throughout the organisation.

6.4 Equalities / EIA

One of the principles of the Code is that the rule of law is respected and it provides a further check that equalities legislation is being adhered to.

6.5 Implications for (or impact on) the environment

One outcome of the recent revisions to the national guidance was to build sustainable economic, social and environmental benefits into the framework and this has been incorporated into Coventry's Code.

6.6 Implications for partner organisations?

Ensuring openness and comprehensive stakeholder engagement is one of the key principles of the Code and will support effective partnership working.

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Coventry City Council

Code of Corporate Governance

Introduction

Governance is about the arrangements that organisations put in place to make sure that their aims are defined and achieved. For local authorities it is also about making sure that councils act in the public interest.

Coventry City Council works hard to ensure that its arrangements for governance are robust and meet good practice. This Code of Corporate Governance sets out the Council's commitment to the principles of good governance and how it ensures that they are being followed.

Good Corporate Governance

In 2016, the Chartered Institute of Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) updated their guidance on Corporate Governance and produced published the new *Delivering Good Governance in Local Government Framework*. This provides a best practice framework for local authorities to help make sure that their resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision-making and that there is clear accountability for the use of those resources in order to achieve the desired outcomes for service users and communities. It sets out the principles that underpin good governance and how local authorities can assure themselves and others that they are meeting them.

Coventry City Council's Code of Corporate Governance

Coventry City Council's Code of Corporate Governance adopts the principles set out in the new CIPFA/SOLACE Framework and explains what these mean for the way the Council operates. The Code provides the framework for the key policies, plans, protocols and systems which support good governance across the Council.

Demonstrating the principles of good Corporate Governance

| Principles | Sub principles | The Council does this by |
|---|---|---|
| A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | Behaving with integrity | Ensuring members and officers behave with integrity and creating a culture which focuses on acting in the public interest. |
| | Demonstrating strong commitment to ethical values | Ensuring that Members, officers and external service providers understand and demonstrate the ethical values of the Council, which are set out in our policies and procedures. |
| | Respecting the rule of Law | Ensuring members and officers demonstrate a strong commitment to the rule of the law and adhere to relevant laws and regulations. |
| B: Ensuring openness and comprehensive stakeholder engagement | Openness | Ensuring an open, accessible and transparent culture which underpins decision-making. |
| | Engaging with citizens and stakeholders | Effectively engaging with citizens, service users and stakeholders, ensuring that communication and engagement methods are effective and that feedback mechanisms are in place. |
| C: Defining outcomes in terms of sustainable economic, social, and environmental benefits | Defining outcomes | The Council has a clear vision which sets out what it is planning to achieve and how it will monitor and report progress. |
| | Sustainable economic, social and environmental benefits | Considering and balancing the combined economic, social and environmental impacts of policies, plans and decisions and ensure fair access to services. |
| D: Determining the interventions necessary to optimise the achievement of the intended outcomes | Identifying the right course of action | Ensuring decision makers have the information they need. |
| | Planning action | Establishing and implementing robust planning and performance cycles, underpinned by effective resource planning. |
| | Maximising outcomes | Ensuring that resources are used in the most effective way to support the Council's priorities |

| Principles | Sub principles | The Council does this by |
|--|--|---|
| E: Developing the Council's capacity including the capability of its leadership and the individuals within it. | Developing capacity | Maximising the capacity of the Council by making sure its assets, resources, partnerships and employees are as effective as possible. |
| | Developing strong leaders | Developing the leadership skills and capacity of members, senior managers and employees to meet the challenges facing the Council. |
| F: Managing risks and performance through robust internal control and strong public financial management | Managing risk | Recognising that risk management is an integral part of Council business and decision-making. |
| | Managing performance | Monitoring service delivery effectively and ensuring an effective scrutiny function is in place to provide constructive challenge. |
| | Robust internal control | Ensuring effective arrangements for risk management, counter fraud and anti-corruption arrangements are in place and that the Audit and Procurement Committee provides effective assurance. |
| | Managing data | Ensuring effective arrangements are in place to identify information assets and risks and for the safe collection, storage, use and sharing of data. |
| | Strong financial management | Ensuring financial management supports short-term financial and operational performance as well as longer-term aims. |
| G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability | Implementing good practise in transparency | Ensuring reports used for decision making are clear, balanced and easy to read. |
| | Implementing good practices in reporting | Reporting regularly on performance, value for money and use of resources. |
| | Assurance and effective accountability | Ensuring that learning, improvements and corrective actions from audit, peer challenges, reviews and inspections are acknowledged and appropriate changes are made. |

Review of the Code and Governance Arrangements

Local authorities are required to conduct a review at least once every financial year of the effectiveness of their systems of internal control and to report on this review with its Statement of Accounts. The Code of Corporate Governance forms a key part of this process.

To ensure that the Code and the Council's policies, plans, protocols and systems are kept up to date, governance arrangements will be reviewed on an annual basis against best practice as set out in the national framework. The purpose of the review will be to ensure that the Council's governance arrangements meet the principles of the code, that there are systems and processes in place to measure their effectiveness and that gaps in policies, performance or assurance are identified and appropriate actions developed. The review will follow the cycle set out below:

| | |
|----------------------|--|
| September - December | Review of Code of Corporate Governance to include: <ul style="list-style-type: none">• what is in place to demonstrate that the principles in the Code are being met• what is in place to measure the effectiveness of systems and processes• any gaps in policies, performance or assurance and identification of any actions |
| Beginning of April | Guidance for producing directorate Statements of Internal Control prepared, incorporating any issues identified in the review of the Code |
| During April | Directorates produce Statements of Internal Control as part of Annual Governance Statement |
| May/June | Audit and Procurement Committee approve the statement of accounts and Annual Governance Statement, incorporating issues and actions arising from the review of the Code and Statements of Internal Control |

The Council's Audit and Procurement Committee is responsible for approving the Annual Governance Statement alongside the Statement of Accounts.