Appendix

Audit Committee

11 April 2023

Agenda
Item No. 10

Refresh of Local Code of Governance

Ward(s):   All

Portfolios: All

Purpose: For consideration

1.   Aim

This report is to present to Audit Committee, for its consideration, the refreshed Local Code of Governance as a key document in the Council's governance arrangements.

2.   Summary

2.1   The LCOG was last reviewed in 2017 and its refresh is an action identified and agreed as part of the Review of Effectiveness of Internal Controls and Annual Governance Statement.

3.   Recommendations

3.1   To note, comment on, and endorse the attached draft Local Code of Governance (subject to minor final amendments) that will be utilised to assist in the assurance gathering process for the Annual Governance Statement.

4.   Report detail - know

4.1   The Audit Committee's responsibility includes contributing to and overseeing the Council's governance arrangements, including ensuring an effective internal control environment is maintained and the council meets its statutory requirements. The Local Code of Governance (LCOG) forms part of the system of internal control.

4.2   As set out in the LCOG the Council as a public body is responsible for ensuring its business is conducted with the highest ethical and legal standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this overall responsibility the Council is responsible for ensuring there are proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions.

4.2   The LCOG provides the framework which supports the delivery of outcomes for the communities the Council serves. It brings an underlying set of values, behaviours, legislative requirements, governance principles and management processes and systems that enable the effective delivery of outcomes and the council's aim that all inequalities are reduced, and all potential is maximised.

4.3   The LCOG reflects the latest edition of "Delivering Good Governance in Local Government Framework" from the Chartered Institute of Public Finance &

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Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) which sets the standard for governance in local authorities across the country.

4.4   Various updates and amendments have been made to the LCOG since the last full refresh in 2017 and following the 2022 annual governance review to better reflect governance arrangements and connect to the Council Plan, outcomes and priorities.

5.   Financial Information

5.1   There are no financial implications associated with this report. However, financial planning and management is a key component of effective corporate governance.

6.   Reducing Inequalities

6.1   The Public Sector Equality Duty Engaging local communities including hard to reach groups meets a core principle of the CIPFA/ SOLACE guidance. Robust corporate governance ensures that there is fair and accountable allocation of resources through open and transparent decision making.

7.   Decide

7.1   Audit Committee are recommended to approve the refreshed LCOG, please refer to section 3 above.

8.   Respond

8.1   If endorsed it is important that the refreshed LCOG is publicised and embedded across the organisation to ensure that the right cultures and behaviours are encouraged.

8.2   Further engagement with Director Group and Senior Management Group will consider how we embed the principles of good governance, how we evidence they are embedded and what more can be done to ensure the LCOG is widely understood and adhered to.   This seeks to evidence that it is considered and informs decision making at every level, reflecting our ways of working.

9.   Review

9.1   The LCOG will be reviewed on an annual basis as part of the review of effectiveness of internal controls and will be presented to Audit Committee should it be significantly revised.

9.2   Part of the ongoing engagement with Director Group and Senior Management Group will be to monitor how the organisation meets the principles of good governance to further develop the table in section 3 of the LCOG.

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Local Code of Governance

DRAFT FEBRUARY 2023 v4

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1.   What is governance?

Governance, and particularly good governance, can be defined in a number of ways. For local authorities the "Delivering Good Governance in Local Government: Framework" (Chartered Institute of Public Finance & Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) 2007) sets the standard for governance in local authorities across the country. This was reviewed in 2015 and a revised edition was published in 2016.

The framework and guidance produced by CIPFA / SOLACE aim to support local authorities in the development and maintenance of their own codes of governance to enable them to discharge their responsibilities in an efficient and accountable way in ever changing circumstances. Key to this is ensuring resources are directed in according to priorities, decision making is sound and inclusive and there is clear accountability for the use of resources.

Put simply, governance is the means by which an organisation develops and maintains processes, policies, procedures and practices to direct and deliver its purpose / aim.

Our Council Plan 2022-25 sets out the organisations aim, priorities and outcomes as detailed below:

Aim	Inequalities are reduced and all potential is maximised. Together we are committed to developing a healthier, cleaner and safer Walsall and creating an environment that provides opportunities for all residents, communities and businesses to fulfil their potential and thrive.
Priorities	**Economic** – Enable greater local opportunities for all people, communities and businesses
	People – Encourage our residents to lead more active, fulfilling and independent lives to maintain or improve health and wellbeing
	Internal focus – Council services are customer focused effective, efficient and equitable
	Children – Have the best possible start and are safe from harm, happy, healthy and learning well
	Communities – Empower our communities so that they feel they are connected and belong in Walsall, creating safe and healthy places whilst building a strong sense of community
Outcomes	1. Supporting a dynamic resilient and diverse economy where businesses invest, and everyone has the right jobs and the right housing in the right place.
	2. Education, training and skills enable people to contribute to their community and our economy.
	3. People can access support in their community to keep safe and well and remain independent at home.
	4. People are supported to maintain or improve their health, wellbeing and quality of life.
	5. We get things rights, first time and make all services accessible and easy to use.

	6. The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring. 7. Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential. 8. Children and young people grow up in connected communities and feel safe everywhere. 9. Our communities will be more resilient and supportive of each other. 10. The people of Walsall feel safe in a cleaner, greener Borough.

Good governance enables local authorities to pursue the delivery of outcomes whilst acting in the public interest at all times. This means there is an intrinsic link between governance and financial and risk management.

2. Purpose of the Code of Governance

As a public body the Council is responsible for ensuring that its business is conducted with the highest ethical and legal standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. Both elected members and officers have to work together to ensure that this duty is properly discharged.

The Code of Governance provides the framework which supports the delivery of outcomes for the communities it serves. It brings an underlying set of values, behaviours, legislative requirements, governance principles and management processes and systems that enable the effective delivery of outcomes and the council's aim that all inequalities are reduced, and all potential is maximised.

Governance ensures there are high standards of conduct and leadership; placing responsibility on elected members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, thereby setting an example for the rest of the organisation. This will ensure that we do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

Governance is about our people just as much as it is about the systems and processes we have in place. This includes our organisational values and behaviours, the way we manage our business internally, and the way in which we engage with, and where appropriate lead our communities. The Council's values are set out below:

Professionalism   As stewards of public funds and information, we understand the importance of our jobs, we have respect for ourselves, our colleagues, our citizens and the organization that we represent. We act accordingly. We deal with issues, whether positive or negative, in a moderate and straightforward manner whenever possible.

Leadership   Together we will create an inspiring vision of the future. We will motivate and inspire people to engage with that vision. We recognize the talents of individuals and allow those talents to be utilized for the betterment of the organization.

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Accountability	We adhere to a standard of professionalism in the workplace. We hold ourselves responsible for upholding the mission of our organization.
Transparency	We will ensure citizens the availability of information which can be made public.
Ethical	We will display integrity, honesty mindful of the rule of law, in order to successfully practice and promote transparency of government.

In addition to these values, elected members and officers are expected to adopt the [Seven Principles of Public Life](#) initially set out by Lord Nolan.

These values and principles will help officers and elected members ensure that their conduct aligns with and embeds the principles of good governance.

3.   Principles of Good Governance

The key principles of the CIPFA / SOLACE "Delivering Good Governance in Local Government: Framework" are illustrated below:
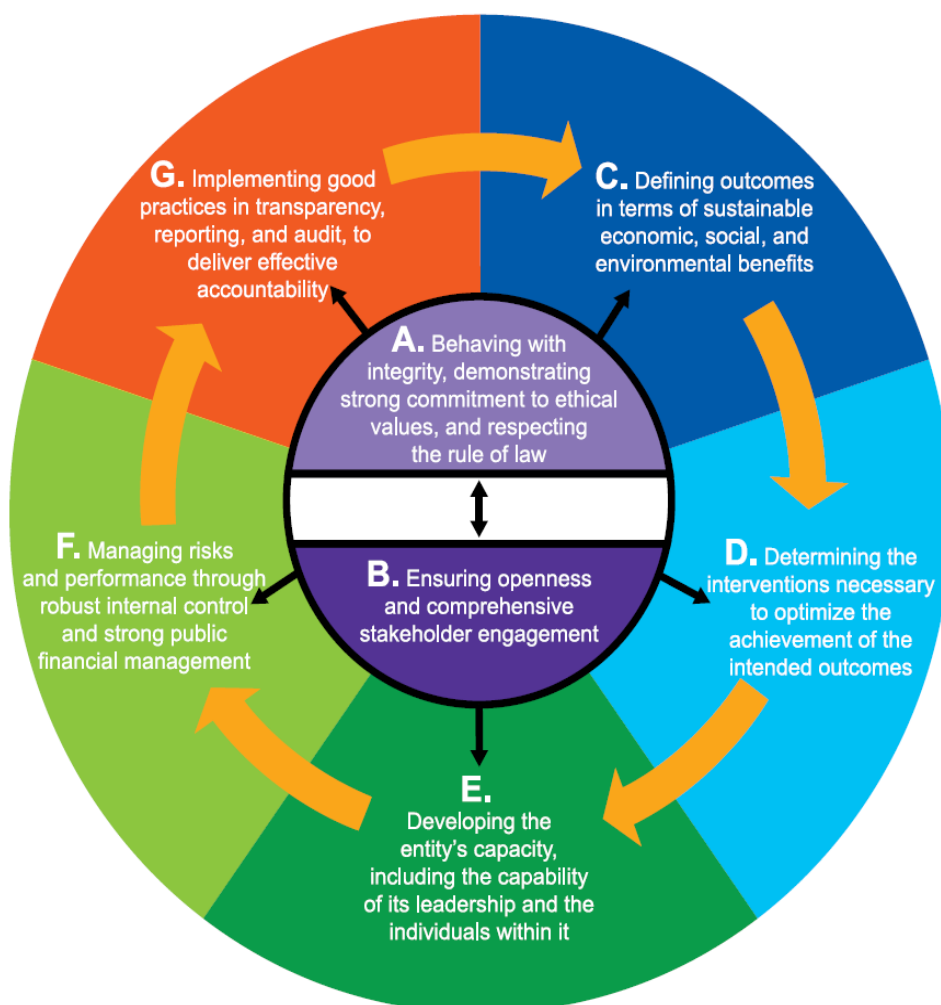
Each of these seven principles (including sub principles) and how the council meets them is detailed in the following table:

Principles of Good Governance (Sub principles)	How we meet these Principles
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law • *Behaving with integrity* • *Demonstrating strong commitment to ethical values* • *Respecting the rule of law*	• Council constitution, in particular all codes and protocols, scheme of delegations, roles and responsibilities and decision making processes • Member induction and training and development programmes • Officer learning and development plans • Officer performance reviews (APC's) • Our Values and Behaviour frameworks

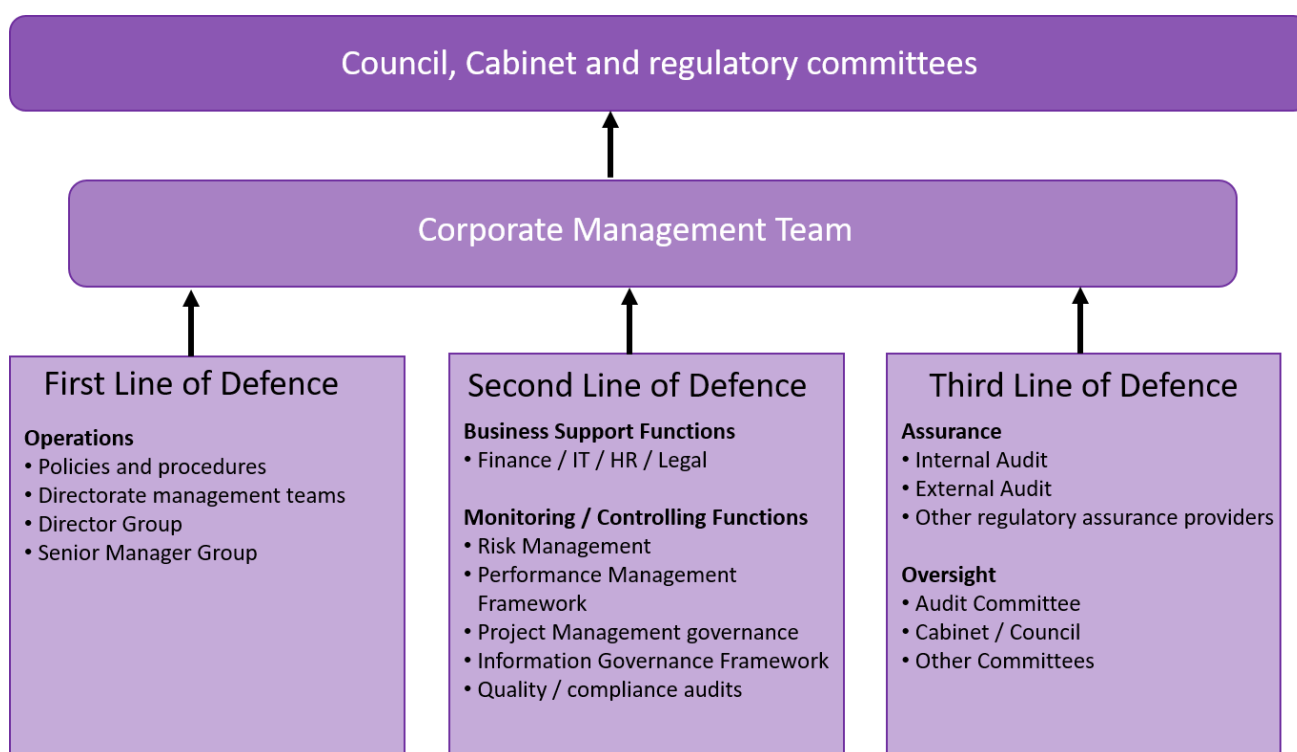|	
B. Ensuring openness and comprehensive stakeholder engagement • *Openness* • *Engaging comprehensively with institutional stakeholders* • *Engaging stakeholders effectively, including citizens and service users*	• Local Transparency Code • Decision making processes including Equality Impact Assessments (EqIA's) • Public and officer consultations • Key nation data (e.g. Census and Indices of Deprivation) • Joint Strategic Needs Assessment • Customer engagement strategy • Publication of key decisions, including officer and urgent decisions
C. Defining outcome in terms of sustainable economic, social and environmental benefits • *Defining outcomes* • *Sustainable economic, social and environmental benefits*	• Council Plan 2022-2025, detailing priorities and outcomes • The Walsall Plan: Our Health and Wellbeing Strategy • Key strategies, policies and plans, for example Customer Experience Strategy, Digital Strategy, Climate Emergency Action Plan etc.
D. Determining the interventions necessary to optimize the achievements of the intended outcomes • *Determining interventions* • *Planning interventions* • *Optimising achievement of intended outcomes*	• Corporate Risk Register • Procurement and Contract Management Documents • Consultations informing decision making • Council Plan Performance Reports and annual Review of Achievements • Policy monitoring and reviews • Government performance targets (e.g. housing, planning applications) • Fees and Charges (statutory and discretionary)
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it • *Developing the entity's capacity* • *Developing the capability of the entity's leadership and other individuals*	• Member induction and training and development programmes • Officer learning and development plans • Officer performance reviews (APC's) • Workforce Strategy • Open and transparent recruitment processes
F. Managing the risks and performance through robust internal control and strong public financial management • *Managing risk* • *Managing performance* • *Robust internal control* • *Managing data* • *Strong public financial management*	• Remit of Audit Committee • MTFS • Strategic Risk Register • Information Governance Framework • Performance Management Framework

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability • *Implementing good practice in transparency* • *Implementing good practices in reporting* • *Assurance and effective accountability*	• Complies with Local Government Transparency Code

4. Effectiveness and Assurance

It is important that corporate governance is not static as the challenges facing local government change significantly and rapidly, which means the council has to adapt meet these challenges in order to deliver the level of services our customers want in a fair and transparent manner, dependent upon available resources.

To assure that our governance arrangements, processes and procedures are proportionate, effective and embedded the council has adopted a three lines of defence model.

Walsall Council: 3 lines of defence

Council, Cabinet and regulatory committees

Corporate Management Team

First Line of Defence

Operations
• Policies and procedures
• Directorate management teams
• Director Group
• Senior Manager Group

Second Line of Defence

Business Support Functions
• Finance / IT / HR / Legal

Monitoring / Controlling Functions
• Risk Management
• Performance Management Framework
• Project Management governance
• Information Governance Framework
• Quality / compliance audits

Third Line of Defence

Assurance
• Internal Audit
• External Audit
• Other regulatory assurance providers

Oversight
• Audit Committee
• Cabinet / Council
• Other Committees

The first line of defence relates to operational management, processes and procedures embedded in the ways services work. The second line of defence is concerned with internal controls that ensure there is due governance in place relating to how the organisation is

managed. The third and final line of defence are checks and balances of the 1st and 2nd lines of defence through reporting and monitoring that provides assurance regarding the effectiveness of arrangements and oversight that they are being delivered.

Governance is reviewed on an annual basis to ensure it is flexible yet robust. Preparation of the Annual Governance Statement will support this annual review and provides a brief public report on how the council complies with its own Local Code of Governance as part of the review of internal controls.   This includes details of how the Council has monitored and evaluated the effectiveness of governance arrangements throughout the year and provides comment on any proposed changes to governance. This process will also improve the effectiveness of corporate governance and the internal control framework.   It is important that any changes to governance are properly evaluated, and risk assessed in the context of the aims and objectives of the council going forward, whilst reflecting the environment the council is operating in.

The Annual Governance Statement itself provides a brief assessment regarding the review of governance that has taken place, and the role of the governance structures involved (such as the authority itself, the audit committee, and other committees). It is high level, strategic and written in an open and readable style. It will be focused on outcomes, value for money, and relate to the authority's vision for the area.