Leeds CITY COUNCIL

Originator: Emily Inman

Tel: x51710

Report of the Assistant Chief Executive (Corporate Governance)

Standards Committee

Date: 21st April 2009

Subject: Ethical Arrangements in Partnerships

Electoral Wards Affected:	**Specific Implications For:**
	Equality and Diversity ☐
	Community Cohesion ☐
☐ Ward Members consulted (referred to in report)	Narrowing the Gap ☐

Executive Summary

1. This report informs members of the Standards Committee about the Council's Governance Framework for Significant Partnerships. This is attached as Appendix 1 to this report.

2. The Framework will be complemented by a toolkit providing advice on how to comply with the Framework.

3. Of particular interest to the Committee will be the principles relating to ethical governance which come under Principle 3 of the Framework, and the sections of the toolkit which relate to these principles. These sections are included in draft form, as appendices to the report.

4. Members are asked to consider the Governance Framework for Significant Partnerships, and to comment on the draft toolkit section relating to ethical governance.

1.0 Purpose Of This Report

1.1 This report informs the Standards Committee about the Governance Framework for Significant Partnerships, and in particular the principles in place within the Framework relating to ethical governance.

1.2 The purpose of the report is also to seek the views of the Committee on the attached draft section of the toolkit for partnership governance which relate to ethical governance, which will complement the Framework.

1.3 The report also provides a brief update to the Committee on the progress that has been made in creating a register of the Council's significant partnerships, and proposals to monitor the extent to which these partnerships comply with the requirements set out in the Framework.

2.0 Background Information

Governance Framework for Significant Partnerships

2.1 In June 2007 the Corporate Governance and Audit Committee approved the Council's Governance Framework for Significant Partnerships. A revised Framework was approved by the Assistant Chief Executive (Corporate Governance) in December 2008. The revised Framework is attached as Appendix 1.

2.2 The Framework is based on the six principles of the Code of Corporate Governance, which are:

- focus on the Council's purpose and community needs;
- clear responsibilities and arrangements for accountability;
- good conduct and behaviour;
- taking informed, transparent decisions that are subject to effective scrutiny and risk management;
- developing capacity and capability of representatives to be effective; and
- engaging with local people and other stakeholders.

2.3 The purpose of the Framework is to set out:

- the steps which the Council will take before entering into a partnership;
- the minimum governance requirements each partnership must have;
- how the Council will support the governance of each partnership; and
- how the Council monitors and reviews its involvement with each partnership.

2.4 To assist compliance with the Framework, a toolkit has been developed, which explains its requirements in more detail. The sections of the toolkit relevant to the work of the Standards Committee is attached as Appendix 2 (see Section 3.0).

Definition of Significant Partnerships

2.5 The Framework is only applicable to those partnerships which have been identified as "significant".

2.6 Paragraph 2.0 of the Framework sets out the definition of a partnership and explains the criteria against which a partnership's significance will be assessed.

Register of Significant Partnerships

2.7 In November 2007 the Corporate Governance and Audit Committee received a list of the Council's significant partnerships. In January 2009 Directors were asked to review this list. A formal Register of Significant Partnerships is now in place.

2.8 The Council will shortly begin work on monitoring compliance with the Governance Framework. This will coincide with the publication of the toolkit, and training on the Framework and toolkit for Lead Officers.

3.0 Main Issues

3.1 The framework is by necessity quite generalised, because the governance arrangements for different forms of partnership working are determined by their legal form.

3.2 The minimum governance arrangements which the framework requires a partnership to adopt were framed by reference to specific CPA requirements for significant partnerships. The framework is not however prescriptive about **how** a partnership should meet the minimum requirements, since it is for each partnership to determine its own governance arrangements[1].

3.3 Principle 3 of the Governance Framework relates specifically to issues of ethical governance for partnerships.

3.4 Principle 3.3.1 of the Framework sets out the **minimum governance requirements** for a partnership. Of particular interest to the Committee will be the requirement for each partnership to:

- promote shared values;
- agree a code of conduct;
- agree procedures for dealing with conflicts of interest.

3.5 The draft toolkit section relating to these requirements is at Appendix 2. The section explains in more detail what the requirement means and what should be included in the relevant document.

3.6 Members who represent their authority on other bodies – except for relevant authorities – are expected to comply with the general obligations contained in Part 1 of the Code. However, the detailed provisions about the disclosure of interests at authority meetings in Part 2 of the Code (paragraphs 9(1) and 12(1)(a) of the Code) do not apply when members attend meetings of the bodies on which they serve (although the Member should follow the partnership's own procedures relating to disclosure of interests). Paragraph 3(5)(b) is relevant where the Code's provisions conflict with the legal obligations of company directors or the trustees of charitable trusts. It provides that the legal obligations override the Code.

3.7 The requirement within the Framework to agree a code of conduct relates to both officers and members of a partnership. The guidance currently contained in the

[1] The Audit Commission guidance points out that "some practitioners would argue that partnerships should not be excessively governed, to do so would jeopardise their principal aim of creating an environment in which innovation can flourish". However, it concludes that this argument " may not serve the public interest well". Clearly, there is a balance to be struck between allowing partnerships to determine their own arrangements, and imposing minimum requirements, to safeguard the council's position.

toolkit will be reviewed following publication of the revised Member code of conduct and the final publication of a model code of conduct for officers.

4.0 Implications For Council Policy And Governance

4.1 The elements of the Framework relating to ethical governance outlined in paragraph 3 provide assurance that partnerships, and Members and officers involved in partnerships, will be adhering to good ethical standards.

4.2 The draft toolkit section presented to the Committee for comment will help the Council to ensure compliance with these ethical governance standards.

5.0 Legal And Resource Implications

5.1 There are no legal or resource implications arising from this report.

6.0 Conclusions

6.1 The parts of the Governance Framework for Significant Frameworks relevant to ethical governance are contained in principle 3. To support partnerships in complying with the Framework a toolkit has been produced which explains the principles in more detail.

7.0 Recommendations

7.1 Members are asked to consider the Governance Framework for Significant Partnerships, in particular Principle 3 relating to ethical governance.

7.2 Members are asked to comment on the section of the toolkit relating to ethical governance which is attached as appendix 2.

Background Documents

Report to Corporate Governance and Audit Committee, 26th November 2008