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## Report of the Assistant Chief Executive (Corporate Governance)

### Standards Committee

Date: 16<sup>th</sup> December 2009

Subject: Review of the Code of Corporate Governance

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#### Electoral Wards Affected:

Ward Members consulted  
(referred to in report)

#### Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

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### Executive Summary

1. The 2009 Annual Governance Statement identified the need for a review of the Council's Code of Corporate Governance.
2. The Code of Corporate Governance has been reviewed against other local authorities' Codes, CIPFA/SOLACE Guidance, the Council's Aspirational Culture and the Use of Resources Key Lines of Enquiry.
3. Following the review some amendments to the Code are proposed. These include references to workforce planning and to data security. More detail on what good governance arrangements mean for citizens has also been added. However currently no significant amendments are proposed to Principle 3: Good Conduct and Behaviour.
4. Consultation on the revised Code has taken place with Corporate Governance Board and Corporate Leadership Team.
5. Corporate Governance and Audit Committee have the authority to approve changes to the Code of Corporate Governance. The Committee are due to receive the revised Code for comment at their meeting on 15<sup>th</sup> December. Should the Corporate Governance and Audit Committee and/or the Standards Committee have any observations or further amendments they wish to make, the Code will be amended and a further report seeking approval for the Code will be brought to the next meeting of the Corporate Governance and Audit Committee.
6. Following approval, it is planned to promote the revised Code across the Council and to partner organisations. The Committee is asked to comment on the consultation plan which is attached at Appendix 2.

## **1.0 Purpose Of This Report**

- 1.1 This report advises Standards Committee of proposed amendments to the Code of Corporate Governance.
- 1.2 The report also sets out how the revised Code will be communicated to Members and officers.

## **2.0 Background Information**

- 2.1 The 2009 Annual Governance Statement identified that the Council's Code of Corporate Governance should be reviewed to ensure that it was up to date and fit for purpose.
- 2.2 The Code is an important document, as by applying the principles in the Code the Council commits itself to delivering services to the citizens of Leeds in a way that demonstrates accountability, transparency, effectiveness, integrity, and inclusivity.
- 2.3 The Code provides the framework for the Council's governance arrangements, and informs the work of the Council's governance committees, including the Standards Committee. Assurances on compliance with the Code of Corporate Governance are received annually as part of the Annual Governance Statement, which is approved by the Corporate Governance and Audit Committee.
- 2.4 Under the Council's Constitution, the Corporate Governance and Audit Committee has the authority to approve any amendments to the Code of Corporate Governance.

## **3.0 Main Issues**

- 3.1 The existing Code has been reviewed against:
- Codes from other local authorities – Bristol, Newcastle, Liverpool, Birmingham, Sheffield, and Kirklees;
  - Guidance issued in 2007 by CIPFA/SOLACE;
  - The Council's Aspirational Culture; and
  - The Key Lines of Enquiry in the Use of Resources element of Comprehensive Area Assessment.
- 3.1.1 Bristol City Council Code of Corporate Governance: while overall it was felt that Leeds could not learn much from other local authorities' Codes, it was suggested that some aspects of Bristol's Code, especially those relating to HR, may be of interest. Workforce planning and information and data security were identified as gaps in Leeds' Code. These issues have been addressed in the revised Code.
- 3.1.2 CIPFA/SOLACE Guidance: the Code was reviewed against this guidance when it was first issued, and further review showed that the Code addresses the key points raised in the guidance. Where there were possible gaps identified (for example measuring the environmental impact of policies, plans and decisions), it was felt that these were addressed by other Council policies so did not need to be specifically referred to in the Code.
- 3.1.3 Aspirational Culture: a high-level reference to the Aspirational Culture, explaining how the Code and the Aspirational Culture are linked, has been added as a footnote to the Introduction.

- 3.1.4 KLOEs for the Use of Resources element of CAA: the sub-group felt that the details of the KLOEs should feed into individual professional assurances, and form a key component of the Governance Evidence Framework, rather than the Code itself.
- 3.1.5 General notes: references to the Council documents such as the Council Business Plan, the Strategic Plan and the Governance Framework for Significant Partnerships have been updated. Typographical errors have also been amended.
- 3.1.6 Annual review: For clarity, the revised Code also commits the Corporate Governance Board to considering annually whether the a review of the Code is needed.
- 3.2 Following consultation with Corporate Leadership Team, more detail has been added to the Code to reflect the impact it has on citizens – i.e. what good governance would look like from a citizen point of view.
- 3.3 The amendments suggested as a result of the review have been addressed in the draft revised Code, which is attached as Appendix 1 to this report.
- 3.4 Currently, no significant amendments are proposed to Principle 3: Good Conduct and Behaviour. Standards Committee are asked to consider whether anything else should be included about how the Council will ensure good conduct and behaviour from Elected Members and from Officers.

#### Consultation and Communication

- 3.5 As the Code of Corporate Governance is a key Council document, consultation on the revised Code has taken place with Corporate Governance Board and Corporate Leadership Team.
- 3.6 Corporate Governance and Audit Committee have been asked to comment on the proposed revisions.
- 3.7 Once the revised Code has been agreed, work will be done to communicate the Code across the Council so that it is fully embedded in the work the Council does. A communication plan is attached as Appendix 2. Standards Committee is asked for its comments on this plan.

#### **4.0 Implications For Council Policy And Governance**

- 4.1 The Code of Corporate Governance provides the framework for the Council's governance arrangements, therefore it is important that it is up to date and fit for purpose.

#### **5.0 Legal And Resource Implications**

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

#### **6.0 Conclusions**

- 6.1 Following a review, amendments have been made to the Code of Corporate Governance. The draft revised Code is attached as Appendix 1 for the Committee's consideration.

- 6.2 Currently, no significant amendments are proposed to the detail contained under Principle 3: Good Conduct and Behaviour.
- 6.3 The Corporate Governance and Audit Committee are due to approve the revised Code, pending any observations from the Committee or from the Standards Committee. Should either Committee propose any amendments, a further report will be taken to Corporate Governance and Audit Committee seeking approval for the Code.
- 6.4 The revised Code will be communicated across the Council and to key partners.

## **7.0 Recommendations**

- 7.1 Standards Committee is asked to consider the revised Code of Corporate Governance attached at Appendix 1, and in particular whether any further amendments are required under Principle 3: Good Conduct and Behaviour.
- 7.2 The Committee is also asked to consider the communication plan attached at Appendix 2.

### Background Documents

Leeds City Council Code of Corporate Governance

Annual Governance Statement 2009