

## **Corporate Governance Code and Framework**

### **Introduction**

The definition of corporate governance is that it is about ‘how bodies ensure they do the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and culture and values, by which bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.’

West Yorkshire Combined Authority has approved and adopted a code of corporate governance which is consistent with the principles of the best practice guidance issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). CIPFA/SOLACE updated this guidance in 2016 with their new framework to assist organisations in ensuring that 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 desired outcomes for service users and communities. The previous six core principles are replaced by the following seven principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law;
- B. Ensuring openness and comprehensive stakeholder engagement;
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
- E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it;
- F. Managing risks and performance through robust internal control and strong public financial management;
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Combined Authority is committed to meeting these principles and this statement sets out how the supporting principles beneath each statement will be achieved, monitored and reviewed. It is the responsibility of the Governance and Audit Committee to keep corporate governance matters under review. As part of this process it undertakes regular reviews throughout the year with a formal review at the year end of the processes and systems in place during the year. This includes the results of the work carried

Appendix 1

out by the internal audit section. The Committee reviews and approves the Annual Governance Statement which forms part of the statutory annual accounts which are subject to external audit.

Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law</b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law</p>	<p>We will: Behave with integrity</p>	<ul style="list-style-type: none"> <li>• A Code of Conduct for Members to ensure that high standards of conduct are maintained. The Code has been extended to include private sector Panel members.</li> <li>• Established a procedure outlining arrangements for breaches of the Member Code of Conduct.</li> <li>• An Employee Code of Conduct that sets down standards of behaviour and conduct the Combined Authority expects of its employees. Reference is made to the Code on the Induction Checklist.</li> <li>• Clear decision making processes to ensure that all those responsible for taking decisions have the necessary information on which to do so.</li> <li>• An employee policy for acceptance of gifts and hospitality.</li> <li>• Registers of Members' interests and records of gifts and hospitality are published on the Combined Authority's website. Registers of interest for LEP Board members are also published.</li> <li>• Members' declaration of interests are a standing item on all agendas. Minutes show declarations of interest were sought and appropriate declarations made.</li> <li>• A complaints policy that is published on the Combined Authority's website and is supported by an on-line form. A complaints policy has been developed for decisions of the LEP and published on the website.</li> <li>• A whistle blowing policy is on the website.</li> </ul>
	<p>We will: Demonstrate strong commitment to ethical values</p>	<ul style="list-style-type: none"> <li>• Policies and procedures that make up the constitution which sets out delegations of the Combined Authority, committees and senior officers, and the decision making process to be applied. It also emphasises that the Combined Authority will act within the law. Similar processes are in place for the activities of the LEP Board.</li> <li>• Terms of Reference that exists for all committees.</li> </ul>

Appendix 1

		<ul style="list-style-type: none"> <li>• Organisational values redefined during 2016/17 continue to be developed and embedded to ensure they influence the required behaviours for employees for the new organisation.</li> </ul>
	We will: Respect the rule of the law	<ul style="list-style-type: none"> <li>• The Head of Legal and Governance Services is designated as the council's Monitoring Officer and attends all Combined Authority and LEP Board meetings</li> <li>• An Anti-Fraud, Bribery &amp; Corruption Policy Strategy which is supported by a Fraud Response Plan, Anti-Bribery Policy and Whistleblowing Policy. There is a Whistleblowing procedure for employees and customers to report irregularity and fraud.</li> <li>• Maintenance of records of legal advice provided by officers</li> </ul>

Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>B. Ensuring openness and comprehensive stakeholder engagement.</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders. NB: institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and</p>	We will: Be open	<ul style="list-style-type: none"> <li>• Adoption of a Publication Scheme that describes the kinds of information available and provides guidance about how to access personal information and submit a Freedom of Information request. Details are on the Combined Authority's website</li> <li>• Adoption of a standard reporting format in relation to all committee and advisory panel reports.</li> <li>• Agendas, reports and minutes of all meetings are published on the Combined Authority's website. Meetings are open to the public unless in the case of exempt items and the Combined Authority's meetings are live streamed.</li> <li>• Dates for submitting, publishing and distributing reports in accordance with statutory requirements are set and adhered to.</li> </ul>
	We will: Engage comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>• Ongoing partnership arrangements with District authorities are in place and under continuing development. During 2017/18 a programme of regular briefings with members of partner authorities commenced, supported by a regular partner e-newsletter and this has continued throughout 2018/19.</li> <li>• A Memorandum of Understanding is in place with the West Yorkshire universities, setting out areas of common interest.</li> </ul>

## Appendix 1

suppliers as well as other public or third sector organisations) or organisations to which they are accountable		<ul style="list-style-type: none"> <li>• The Combined Authority fosters close links with the local District Councils, facilitated by the appointment of senior politicians from these Districts to the Combined Authority. The Chair of the Leeds City Region Enterprise Partnership (LEP) sits on the Combined Authority to assist in ensuring close working with local businesses.</li> </ul>
	We will: Engage with individual citizens and service users effectively	<ul style="list-style-type: none"> <li>• The Combined Authority seeks views from individuals, organisations and businesses on a number of areas including strategies, policies and detailed projects, using a variety of means including face to face and online. Information on and links to current consultations are published on the website using the Yourvoice portal.</li> <li>• The consultation team is part of the communications team to ensure its activity is linked with ongoing communications and ensure each consultation exercise can best meet its planned objectives. Consultation across the Combined Authority is increasingly managed using a calendar of planned activities.</li> <li>• The Combined Authority has arrangements to engage with all sections of the community including hard to reach groups and businesses. District Consultation Sub-Committees and the youth forum consider transport matters and there is extensive engagement with business through the LEP Panels and other mechanisms.</li> <li>• The annual tracker survey seeks views on satisfaction with public transport and highways matters.</li> <li>• The consultation arrangements cover much of the public facing operational roles.</li> </ul>

Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.</b></p> <p>The long-term nature and impact of many of local government's</p>	We will: Define outcomes	<ul style="list-style-type: none"> <li>• The Strategic Economic Plan (SEP), adopted by both the Combined Authority and the LEP, sets out the vision for the city region to be a globally recognised economy and sets out ambitious plans to drive growth.</li> <li>• Core strategic plans that further develop the SEP as well as a corporate business plan that sets out detailed plans and measurable outcomes.</li> </ul>

## Appendix 1

<p>responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>		<ul style="list-style-type: none"> <li>• Programmes and projects are assessed against the assurance framework with outcomes set and confirmed when they are approved to progress.</li> <li>• Leadership team and Combined Authority and LEP Boards receive performance monitoring reports at regular intervals based on the corporate plan which sets out clear KPIs that are outcome focussed.</li> </ul>
	<p>We will: Provide sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> <li>• The SEP clearly identifies 4 strategic priorities that together will enable the Combined Authority to deliver good growth – it's operational and investment decisions are guided by the SEP.</li> <li>• The Combined Authority applies social value principles in its evaluation of large service contracts and contracts for implementing any projects funded through the Growth Deal to ensure suppliers maximise opportunities to improve the social, economic and environment condition of our local area.</li> <li>• The Combined Authority has established a working group on Inclusive Growth and has embedded responsibility for progressing this work within the policy and strategy team. Inclusive growth is at the heart of the Local Industrial Strategy which is being developed with partners and stakeholders for completion later this year.</li> </ul>

<b>Principle</b>	<b>Sub principles</b>	<b>Our actions and behaviours to achieve this:</b>
<p><b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically</p>	<p>We will: Determine interventions</p>	<ul style="list-style-type: none"> <li>• The strategic priorities of the SEP shape the decision making of the Combined Authority and ensure interventions are prioritised to deliver the aims and objectives of the Combined Authority. The statutory Local Transport Plan – the Transport Strategy - sets out specific transport interventions and the planned outcomes.</li> <li>• Detailed business plans for each operational area are drawn from the corporate plan which is driven by the SEP.</li> <li>• The format of decision making reports to ensure that all relevant information is considered such as analysis of options and resource implications. Options are clearly defined and analysed to ensure decisions are based on the best possible information.</li> </ul>

Appendix 1

<p>important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised</p>		<ul style="list-style-type: none"> <li>• Project appraisal processes seek to ensure maximum value for money from investments. The assurance framework is applied to these projects and ensure that they are effectively assessed (in terms of analysis of options, resource implications and strategic outcomes) and evaluated before approval is sought to proceed and that outcomes are achieved.</li> </ul>
	<p>We will: Optimise achievement of intended outcomes</p>	<ul style="list-style-type: none"> <li>• The annual budget is prepared for scrutiny and approval by Members and published in line with agreed priorities and the medium term financial strategy. Budget plans are shared in advance with partner local authorities.</li> <li>• The assurance framework provides the means to assess projects in terms of outcomes to enable a prioritisation of interventions.</li> <li>• We will continue to seek regular re-accreditation of the Customer Service Excellence award to confirm we meet customer service needs.</li> </ul>
	<p>We will: Plan interventions</p>	<ul style="list-style-type: none"> <li>• The corporate plan sets out the planned interventions for the coming year. Longer term plans are included in detailed strategies such as the Transport Strategy and the SEP.</li> <li>• Leadership team and Combined Authority and LEP Boards receive performance monitoring reports at regular intervals based on agreed actions and targets for the year.</li> </ul>

Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b></p> <p>Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively</p>	<p>We will: Develop the entity’s capacity</p>	<ul style="list-style-type: none"> <li>• The Combined Authority has now implemented much of its detailed change programme - One Organisation - that seeks to ensure the Combined Authority is clear on its objectives and deliverables. Part of this work is ensuring that the directorate structures and skill sets of employees within them are able to deliver the Combined Authority requirements and a process of organisational redesign and process redesign is now partially complete.</li> <li>• A training and development plan sets out how employees will be developed.</li> <li>• A People Development Strategy including an action plan is under development.</li> </ul>

Appendix 1

<p>and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>We will: Develop the capability of the entity's leadership and other individuals</p>	<ul style="list-style-type: none"> <li>• A Protocol on Member/Officer Relations assists both Members and officers achieve good working relationships in the conduct of Combined Authority business.</li> <li>• A Scheme of Delegation is in place and is reviewed annually in light of legal and organisational changes.</li> <li>• Officers are appointed using competency based role profiles. Managers are required to set clear objectives for each employee and to then measure their performance against these competencies and objectives. Appropriate training and support is provided to assist in meeting these.</li> <li>• There is a mandatory induction programmes for all employees and training for new members joining the Combined Authority.</li> <li>• An apprenticeship scheme is in place offering training, skills and experience in a range of areas.</li> <li>• Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored.</li> </ul>
---	---	---

<b>Principle</b>	<b>Sub principles</b>	<b>Our actions and behaviours to achieve this:</b>
<p><b>F. Managing risks and performance through robust internal control and strong public financial management</b></p> <p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can</p>	<p>We will: Manage risk</p>	<ul style="list-style-type: none"> <li>• A risk manual sets out risk management arrangements that are embedded across all service areas and help inform decision making. This includes the risk appetite statement and risk management policy.</li> <li>• Arrangements for risk are kept under review by a Regulatory and Compliance Board (with representation from all Directorates) and the Member Governance and Audit Committee, with regular reporting to the Combined Authority and LEP Boards.</li> <li>• Risk registers developed for all projects, with the assurance framework ensuring these are properly maintained. Directorate risk registers have</li> </ul>

Appendix 1

<p>sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority</p>		<p>also been developed that are linked to team level registers and which enable risks to be escalated to the corporate register as necessary.</p> <ul style="list-style-type: none"> <li>• Business continuity arrangements are in place and have recently been refreshed and updated. Incident response arrangements have also been updated and tested.</li> <li>• An officer Health and Safety Committee ensures compliance with HSAWA and ensures a system is in place for the management of health and safety risks.</li> <li>• An internal audit team undertakes an annual programme of risk based audits and reports back on these to the Governance and Audit Committee.</li> </ul>
	<p>We will: Have strong public financial management</p>	<ul style="list-style-type: none"> <li>• The Director, Corporate Services is designated section 73 Officer and ensures compliance with matters of financial regulation and control.</li> <li>• Financial procedures are documented in the Financial Regulations and detailed procedures exist as required at an operational level within the central Finance team. A full Financial Procedures manual will be developed during the year to detail further the financial processes that officers need to follow.</li> <li>• Annual accounts are produced promptly and presented for external audit in accordance with statutory timescales.</li> <li>• The financial position is reported quarterly to Governance and Audit Committee and monthly to Combined Authority / Leadership Team.</li> <li>• The Combined Authority participates in the bi-annual National Fraud Initiative whereby final records are shared / matched / potential frauds investigated across public authorities.</li> </ul>
	<p>We will: Manage performance</p>	<ul style="list-style-type: none"> <li>• Key indicators have been identified which support the corporate plan which sets out the actions required in year to deliver the SEP. These corporate KPIs will be set at the start of each year and performance managed against them.</li> <li>• The Scrutiny Standing Orders provide for the Overview and Scrutiny Committee to call in any Combined Authority decision. Throughout the year the Overview and Scrutiny Committee has a programme that it defines and that enables it to consider policy and objectives before,</li> </ul>



## Appendix 1

		<p>during and after decisions are made. A Scrutiny Officer has been appointed to provide full support to this Committee.</p> <ul style="list-style-type: none"> <li>• Agendas, minutes of Overview and Scrutiny meetings and any associated reports with recommendations to the Combined Authority are published on the Combined Authority's website.</li> <li>• Contracts Standing Orders and Financial Regulations set out the Authority's arrangements and ensure that processes continue to operate consistently. These are updated annually.</li> </ul>
	<p>We will: Have robust internal controls</p>	<ul style="list-style-type: none"> <li>• An annual report is produced by Internal Audit which provides an opinion on the Combined Authority's control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit.</li> <li>• Financial Regulations ensures responsibility and controls over expenditure are clearly assigned.</li> <li>• The Annual Governance Statement (AGS) is produced for inclusion in the annual accounts that are subject to review and approval by the Governance and Audit Committee.</li> <li>• The Governance and Audit Committee oversees the management of governance issues, internal controls, risk management and financial reporting with the latter reported to every full Combined Authority meeting</li> <li>• The Governance and Audit Committee Terms of Reference are reviewed annually and revised to reflect professional bodies' expectations and best practice.</li> </ul>
	<p>We will: Manage data</p>	<ul style="list-style-type: none"> <li>• Procedures for the effective, fair and lawful processing of data are set out in the Data Protection Policy and supporting information governance framework. The Combined Authority will be compliant with the requirements of the General Data Protection Regulation (GDPR) and Data Protection Act 2018 (Data Protection Legislation).</li> <li>• The Combined Authority's ICT policies control access to the network and data held on it, with information regarding the use of passwords and sharing of data set out. These policies have recently been reviewed and updated.</li> </ul>

Appendix 1

		<ul style="list-style-type: none"> <li>• Effective information sharing is undertaken in accordance with the Data Protection Legislation and the Combined Authority’s Data Protection Policy.</li> <li>• Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the appropriate form of privacy notices. These processes have been updated in the light of the new requirements contained within the Data Protection Legislation.</li> <li>• Information Sharing Agreements are in place to document the sharing of information with other organisations.</li> <li>• Data verification and validation processes are integrated within systems and processes.</li> </ul>
--	--	---

<b>Principle</b>	<b>Sub principles</b>	<b>Our actions and behaviours to achieve this:</b>
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p>We will: Implement good practice in transparency</p>	<ul style="list-style-type: none"> <li>• Agendas, reports and minutes for Combined Authority and LEP Boards, Panels and formal committees are published on the Combined Authority website in accordance with statutory deadlines.</li> <li>• Adoption of the Transparency Code and a Publication Scheme providing information on the website regarding Combined Authority business, expenditure and governance. The process for making Freedom of Information requests is clearly set out on the website.</li> <li>• The Combined Authority moved to the live streaming of Combined Authority meetings in 2017. The LEP Board holds its meetings in public with papers published online five days beforehand.</li> </ul>
	<p>We will: Implement good practices in reporting</p>	<ul style="list-style-type: none"> <li>• Annual Financial Statements are compiled, published to timetable and included on the Combined Authority’s website. This includes the Annual Governance Statement (AGS)</li> <li>• The external auditor’s report on the accounts is published on the website.</li> <li>• An annual business plan is published which also includes a review of achievements in the previous year.</li> </ul>

Appendix 1

	<p>We will: Provide assurance and effective accountability</p>	<ul style="list-style-type: none"><li>•The AGS sets out the Combined Authority’s governance framework and the results of the annual review of the effectiveness of the Combined Authority’s internal controls and governance arrangements.</li><li>• An effective internal audit service is resourced and maintained. The team has direct access to members if required and provides assurance on governance arrangements via an annual report containing an opinion on the Combined Authority’s internal control arrangements.</li><li>• External Audit provides an annual opinion on the Combined Authority’s financial statements and arrangements for securing value for money.</li><li>• The assurance framework governing investment decisions is reviewed annually and compliance with official guidelines reported to government.</li></ul>
--	--	---