



**EASTERN SHIRES PURCHASING  
ORGANISATION**

**CODE OF CORPORATE  
GOVERNANCE**

## Version Control

Version	Date	By whom	Changes	Comments
<b>1</b>	April 2013	EW/CP	Formulated /Review and Update	
<b>2</b>	April 2016	CP/SL	Review and Update	Circulation to John Doherty, Neil Jones, Caroline Huckerby, Chris Tambini and Mo Seedat
<b>3</b>	April 2017	SL	Review and Update (CIPFA/Solace 2016)	Circulation to the Leadership Team, Neil Jones, Chris Tambini and Mo Seedat and Management Committee.

## Code of Corporate Governance

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## 1. Introduction

- 1.1. ESPO, established constitutionally as a Joint Committee of Local Authorities in 1981, operates under the aegis of the Local Authorities (Goods and Services) Act 1970. The Local Authority owned purchasing consortium is governed by a Management Committee of elected representatives from member authorities.
- 1.2. There are currently 6 member authorities of ESPO and it should be noted that the organisation also trades extensively outside the membership area. Management of the organisation reports periodically to a Management Committee of two elected members from each authority.

The membership consists of:

Leicestershire County Council (ESPO's Servicing Authority)

Lincolnshire County Council

Cambridgeshire County Council

Norfolk County Council

Warwickshire County Council

Peterborough City Council

- 1.3. As a public body and a 'creature' of Statute, ESPO has decided to comply with all the statutory requirements imposed on Local Authorities as best practice. This includes transparency in terms of policies and standards and to recognise its public fiduciary duties in respect of public funds and local taxation. ESPO will apply the principles of best value in the economic and effective use of its resources. As part of those responsibilities it must have in place proper arrangements for the governance of its operation including appropriate arrangements for the management of all risk.
- 1.4. In order to demonstrate good Corporate Governance ESPO has approved and adopted a Code of Corporate Governance, which is consistent with the principles of "The new Delivering Good Governance in Local Government Framework" (CIPFA Solace, 2016) the purpose of this document is to set out in this code.

## 2. Corporate Governance

### 2.1. What is good Corporate Governance?

2.1.1. Good Corporate Governance will demonstrate to the public and other stakeholders that ESPO has its own house in order and is approaching the challenges it faces in a corporate and strategic way. Governance is about how ESPO ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Corporate Governance comprises the systems and processes and cultures and values by which ESPO is directed and controlled.

### 2.2. The Local Code of Governance

2.2.1. A joint Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) 2016 guidance note “The new Delivering Good Governance in Local Government” provides a framework, intended to be used as best practice for developing and maintaining a Code of Corporate Governance. Whilst Corporate Governance is a holistic concept it has been mapped out in the guidance note using seven core principles.

2.2.2. The ESPO Code of Corporate Governance has been developed in accordance with, and is consistent with “The new Delivering Good Governance in Local Government Framework” (CIPFA/SOLACE 2016).

### 2.3. Core Governance Principles of ESPO

#### 2.3.1. Principle A:

Behaving with integrity, demonstrating strong commitment to ethical values with all our stakeholders, and respecting the rule of law.

#### 2.3.2. Principle B:

Ensuring openness and comprehensive stakeholder engagement.

#### 2.3.3. Principle C:

Defining outcomes in terms of sustainable economic, social and environmental benefits.

#### 2.3.4. Principle D:

Determining the interventions necessary to optimize the achievement of intended outcomes.

#### 2.3.5. Principle E:

Developing ESPO’s capacity, including the capability of its Leadership Team and all staff members.

#### 2.3.6. Principle F:

Managing risks and performance through robust internal control and strong public financial management.

2.3.7 **Principle G:**

Implementing good practices in transparency, reporting, and audit to deliver effective accountability to all our stakeholders.

**3. Applying the Core Principles of Good Governance**

The seven core principles each have a number of supporting principles, which in turn have a range of specific requirements that apply across ESPO’s organisation:

**Core Principle A**

Behaving with Integrity, demonstrating strong commitment to ethical values with all our stakeholders, and respecting the rule of law.

<b>Supporting Principles</b>	<b>ESPO commits itself to:</b>
<p style="text-align: center;">A.1</p> <p>Ensuring ESPO Members and Officers behave with integrity at all times in ways that exemplify high standards of conduct and effective governance.</p>	<p style="text-align: center;">(A)</p> <p>Ensure that ESPO’s Leadership team sets a tone for the organisation by creating a climate of openness, support and respect.</p> <p style="text-align: center;">(B)</p> <p>Ensure that standards of conduct and personal behaviour expected of Members and Officers and the work between Members, Officers and customers are defined and communicated clearly through Codes of Conduct and Protocols where appropriate</p> <p style="text-align: center;">(C)</p> <p>Ensure that arrangements are put in place to safeguard the fact that Elected Members and employees of ESPO are not influenced by prejudice, bias or conflicts of interest when dealing with various stakeholders. To ensure that these arrangements are monitored and maintained on a regular basis.</p>
<p style="text-align: center;">A.2</p> <p>Demonstrating ESPO’s strong commitment to ethical values.</p>	<p style="text-align: center;">(A)</p> <p>Ensure that systems and processes are designed in conformity with appropriate ethical standards mirroring those of the Servicing Authority. To continually monitor the effectiveness of these processes and systems in practice. Ensuring they permeate all aspects of the organisation’s culture and operations.</p>

	<p>(B) To develop and maintain shared values for both the organisation and Officers reflecting customer expectations, and communicate these to all stakeholders.</p> <p>(C) Use the organisation’s shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the organisation.</p> <p>(D) Developing and maintaining an effective ethical standards framework.</p> <p>(E) Seek to establish, monitor and maintain ESPO’s ethical standards and performance.</p> <p>(F) Put in place arrangements to ensure that all external providers of services on behalf of ESPO are required to act with integrity and in compliance with high ethical standards expected by the organisation.</p> <p>(G) In pursuing the vision of a Joint Committee, agree a set off values against which decision making and actions can be judged. Such values must be demonstrated by ESPO’s behaviour both individually and collectively.</p>
<p>A.3 Respecting the rule of the law.</p>	<p>(A) Put in place arrangements to ensure Members and Officers demonstrate a strong commitment to adhere to rules and regulations. To ensure these arrangements are continuously monitored.</p> <p>(B) Provide training on a regular basis to ensure that all Statutory and key post holders and Members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</p>

	<p>(C) Put in place arrangements to ensure all key policies, such as the Anti-Fraud and Corruption and Anti Bribery Policies are available to all staff and communicated across the organisation.</p> <p>(D) Ensuring corruption, misuse of power and breaches and dealt with effectively.</p> <p>(E) Recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on ESPO by public law.</p>
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**Core Principle B**

Ensuring openness and comprehensive stakeholder engagement.
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Supporting Principles	ESPO commits itself to:
<p>B.1 Openness</p>	<p>(A) Ensure that ESPO as a whole is open and accessible and ensure that it has made a commitment to openness and transparency in all its dealings subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.</p> <p>(B) Make clear to themselves, all staff members and their customers to whom they are accountable and for what.</p> <p>(C) Publish an annual report on the activity of audits.</p> <p>(D) Hold Management Committee meetings in public unless there are good reasons for confidentiality. Minutes of the meeting are available on the internet unless there are good reasons for confidentiality.</p> <p>(E) Publish data annually and quarterly as appropriate and as required as per the Local Government Transparency Code 2015.</p>



<p style="text-align: center;">B.2 Engaging comprehensively with institutional stakeholders</p>	<p style="text-align: center;">(A)</p> <p>Ensure clear channels of communication are in place with all stakeholders. To put in place arrangements to ensure these relationships are based on trust, a shared commitment to change and a culture that promotes and accepts challenge amongst partnerships. To ensure that the added value of partnership working is explicit and transparent.</p> <p style="text-align: center;">(B)</p> <p>On an annual basis, publish a performance plan giving information on ESPO's strategy, plans and Statement of Accounts as well as information about its outcomes, achievements and the satisfaction of stakeholders in their experience of utilising ESPO contracts and services in the previous trading period.</p> <p style="text-align: center;">(C)</p> <p>Effectively engaging with institutional stakeholders' to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship is clear so that outcomes are achieved successfully and sustainably.</p> <p style="text-align: center;">(D)</p> <p>To develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</p>
<p style="text-align: center;">B.3 Engaging stakeholders effectively</p>	<p style="text-align: center;">(A)</p> <p>Encourage, collect and evaluate the views and experiences of stakeholders.</p> <p style="text-align: center;">(B)</p> <p>Implement effective feedback mechanisms in order to demonstrate how their views have been taken in to account.</p> <p style="text-align: center;">(C)</p> <p>Ensuring that communication methods are effective and that members and officers are clear about their roles.</p>

## Core Principle C

Defining outcomes in terms of sustainable economic, social and environmental benefits.

Supporting Principles	ESPO commits itself to:
<p>C.1 Defining Outcomes</p>	<p>(A) Develop and promote the purpose and vision, which is an agreed formal statement communicated to all stakeholders.</p> <p>(B) Review on a regular basis the vision for delivering excellent customer service and the implications for our governance arrangements.</p> <p>(C) Publish an Annual Report (or similar documents) on a timely basis to communicate ESPO'S activities and achievements, its financial position and performance.</p> <p>(D) Deliver defined outcomes on a sustainable basis within resources that are available.</p> <p>(E) Decide how the quality of service for customers is to be measured and make sure that the information needed to review service effectively and regularly is available.</p> <p>(F) Identifying and managing risks to the achievement of outcomes.</p>
<p>C.2 Sustainable economic, social and environmental benefits</p>	<p>(A) Decide how value for money is to be measured and make sure that the Management Committee has the information needed to review value for money and performance effectively.</p> <p>(B) Measure the environmental impact of policies plans and decisions.</p> <p>(C) Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.</p>

	<p>(D) Determining and taking a longer term view with regard to decision making and balancing this with the risks associated and the interest of various stakeholders. Acting transparently where there are potential conflicts.</p>
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### Core Principle D

Determining the interventions necessary to optimize the achievement of intended outcomes.
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Supporting Principles	ESPO commits itself to:
<p>D.1 Determining interventions</p>	<p>(A) Ensure that those making decisions for ESPO are provided with information that is fit for purpose – relevant, timely and gives clear implications of technical issues and their implications, including risks associated with those options. Therefore ensuring best value is achieved however services are provided.</p> <p>(B) Decide how the quality of service for customers is to be measured and make sure that the information needed to review service quality effectively and regularly is available.</p> <p>(C) Considering feedback from customers when making decisions about service improvements and put in place effective arrangements to identify and deal with failure in service delivery.</p>
<p>D.2 Planning interventions</p>	<p>(A) Establishing and implementing robust planning and control cycles that cover strategic and operational plans.</p> <p>(B) Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.</p> <p>(C) Establishing appropriate key performance indicators (KPI's) /Balance Scorecard as part of the planning process in order to identify how the performance is to be measured.</p>

	(D) Preparing budgets with organisational objectives, strategies and the medium term financial plan in mind.
D.3 Optimising achievement of intended outcomes	(A) Ensuring the medium term financial strategy integrates and balances service priorities and the organisation's vision and mission statement.  (B) Ensuring the medium term financial strategy sets the context for ongoing decisions on significant service issues or responds to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved.

### Core Principle E

Developing ESPO's capacity, including the capability of its Leadership Team and all staff members.

<p><b>Supporting Principles</b> E.1 Developing ESPO's capacity</p>	<p><b>ESPO commits itself to:</b> (A) Reviewing operations on a regular basis to ensure their continuing effectiveness.  (B) Recognising the benefits of partnerships and collaborative working where added value can be achieved.  (C) Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.</p>
<p>E.2 Developing the capability of the ESPO's Leadership team and all staff members</p>	<p>(A) Developing procedures and protocols to ensure that the Servicing Authority, Member Authorities and the ESPO as an organisation are clear regarding their respective roles and that a shared understanding of roles and objectives is maintained.</p>

	<p style="text-align: center;">(B)</p> <p>Ensure that effective arrangements are in place for reviewing the performance of the Members and Officers as a whole and of individual Members and Officers and agreeing an action plan, which might, for example, aim to address any training or development needs. This will enable the organisation to respond successfully to changing legal demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> <li>▪ Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.</li> <li>▪ Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.</li> <li>▪ Ensuring personal, organisational and system wide development through shared learning, including lessons learnt from governance weakness both internal and external.</li> </ul> <p style="text-align: center;">(C)</p> <p>Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the organisation.</p> <p style="text-align: center;">(D)</p> <p>Ensure that career structures are in place for Officers, to encourage participation and development and morale.</p> <p style="text-align: center;">(E)</p> <p>Provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis</p> <p style="text-align: center;">(F)</p> <p>Carrying out Performance Development Reviews on a regular basis which takes account of training or development needs.</p>
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	<p>(G) Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals to maintain their own physical and mental wellbeing.</p> <p>(H) Taking steps to consider the Leadership Team's own effectiveness and ensuring they are open to constructive feedback from peer reviews and inspections</p>
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### Core Principle F

Managing Risks and performance through robust internal control and strong financial management.

Supporting Principles	ESPO commits itself to:
<p>F.1 Managing Risk</p>	<p>(A) Ensure that risk management is embedded into the culture of ESPO, with Members and managers at all levels recognising that risk management is part of their jobs and must be considered in all aspects of decision making.</p> <p>(B) Ensuring that responsibilities for managing individual risks are clearly allocated.</p>
<p>F.2 Managing Performance</p>	<p>(A) Ensuring good quality information, advice and support is available to ensure that services are delivered effectively which meet customer expectations.</p> <p>(B) Ensure that proper professional advice matters that have legal or financial implications are available and recorded well in advance of decision making and used appropriately.</p> <p>(C) Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall.</p> <p>(D) Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.</p>

	<p>(E) Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).</p>
<p>F.3 Robust internal control</p>	<p>(A) Develop and maintain an effective internal audit function which is independent of the executive and scrutiny functions.</p> <p>(B) Evaluating and monitoring the authority's risk management and internal control on a regular basis.</p> <p>(C) Ensuring effective counter fraud and anti – corruption arrangements are in place.</p> <p>(D) Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor and that their recommendations are listened to and acted upon.</p> <p>(E) Ensure that effective arrangements for whistle blowing are in place to which Members, staff and all those contracting with or appointed by ESPO have access.</p>
<p>F.4 Managing data</p>	<p>(A) Ensuring effective arrangements are put in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</p> <p>(B) Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.</p> <p>(C) Put in place arrangements to regularly review the quality and accuracy of data used in decision making and performance monitoring.</p>
<p>F.5 Strong public financial management</p>	<p>(A) Ensuring financial management supports the medium term financial strategy and short term financial and operational performance.</p>

**Core Principle G**

Implementing good practices in transparency, reporting, and audit to deliver effective accountability to all our stakeholders.

<b>Supporting Principles</b>	<b>ESPO commits itself to:</b>
<p>G.1 Implementing good practice in transparency</p>	<p style="text-align: center;">(A) Writing and communicating reports for all stakeholders in an understandable style appropriate to the intended audience.</p> <p style="text-align: center;">(B) Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</p> <p style="text-align: center;">(C) Adhering to the Local Government Transparency Code.</p>
<p>G.2 Implementing good practices in reporting</p>	<p style="text-align: center;">(A) Preparing the Statement of Accounts and Annual Governance Statement annually as best accounting practice.</p> <p style="text-align: center;">(B) Provide evidence to demonstrate good governance (Annual Governance Statement).</p> <p style="text-align: center;">(C) Ensuring the information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.</p>
<p>G.3 Assurance and effective accountability</p>	<p style="text-align: center;">(A) Ensuring that recommendations for corrective action made by external auditors are acted upon.</p> <p style="text-align: center;">(B) Ensuring an effective internal audit service is in place with direct access to the Management Committee. Ensuring recommendations are acted upon.</p>



	<p>(C)</p> <p>Review on a regular basis the vision for delivering excellent customer service and the implications for our governance arrangements.</p>
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#### 4. Annual Review and Reporting

- 4.1 Each year ESPO will carry out a review of its Governance arrangements to ensure compliance with this Code, “The new Delivering Good Governance in Local Government Framework” and current good practice. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively or to identify action, which is planned to ensure effective governance in the future.
- 4.2. The outcome of the review will take the form of an Annual Governance Statement prepared on behalf of the Management Committee and the Director. It will be submitted to the Management Committee for consideration and review.
- 4.3. ESPO has adopted the Account and Audit (England) regulations 2015 as best practice. Therefore the preparation and publication of the Governance Statement will meet the statutory requirement of the Accounts and Audit (England) Regulations 2015. This requires Local Authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control. As such the Governance Statement will be prepared in accordance with the timetable in preparation of financial statements in accordance with the Accounts and Audit (England) Regulations 2015.

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