

South Lanarkshire Council

Annual Governance Statement 2018-19

1. Scope of responsibility

The residents of South Lanarkshire expect the council to conduct its business in a lawful and transparent way. In particular, the council has a duty to safeguard public money and account for it; and to continuously review and improve how its functions are discharged, focussing on the priorities of economy, efficiency and effectiveness.

The council is responsible for putting in place proper arrangements for the governance of its activities, facilitating the effective exercise of its functions including clear arrangements for the management of risk.

A [Local Code of Corporate Governance](#) (referred to as the “Code” from here on) has been approved and adopted. The Code is reviewed and updated annually and is consistent with the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework entitled ‘Delivering Good Governance in Local Government’.

This statement explains how the council has complied with the Code during 2018-19 and meets legislative requirements to include the Annual Governance Statement within the Annual Accounts.

2. The purpose of the council

The [Council Plan, Connect 2017-22](#) sets out the council’s vision, values and objectives and what difference this will make to the residents and communities of South Lanarkshire. A mid-term review of the plan, objectives and next steps will be completed during 2019.

The council is also a statutory Community Planning Partner and the [Community Plan 2017-27](#) provides a common vision for the South Lanarkshire Community Planning Partnership and sets out how the partners aim to achieve that vision.

The council has set the framework for strong corporate governance by having a clear vision and values which are outlined in the diagram below:-



3. The purpose of the council's governance framework

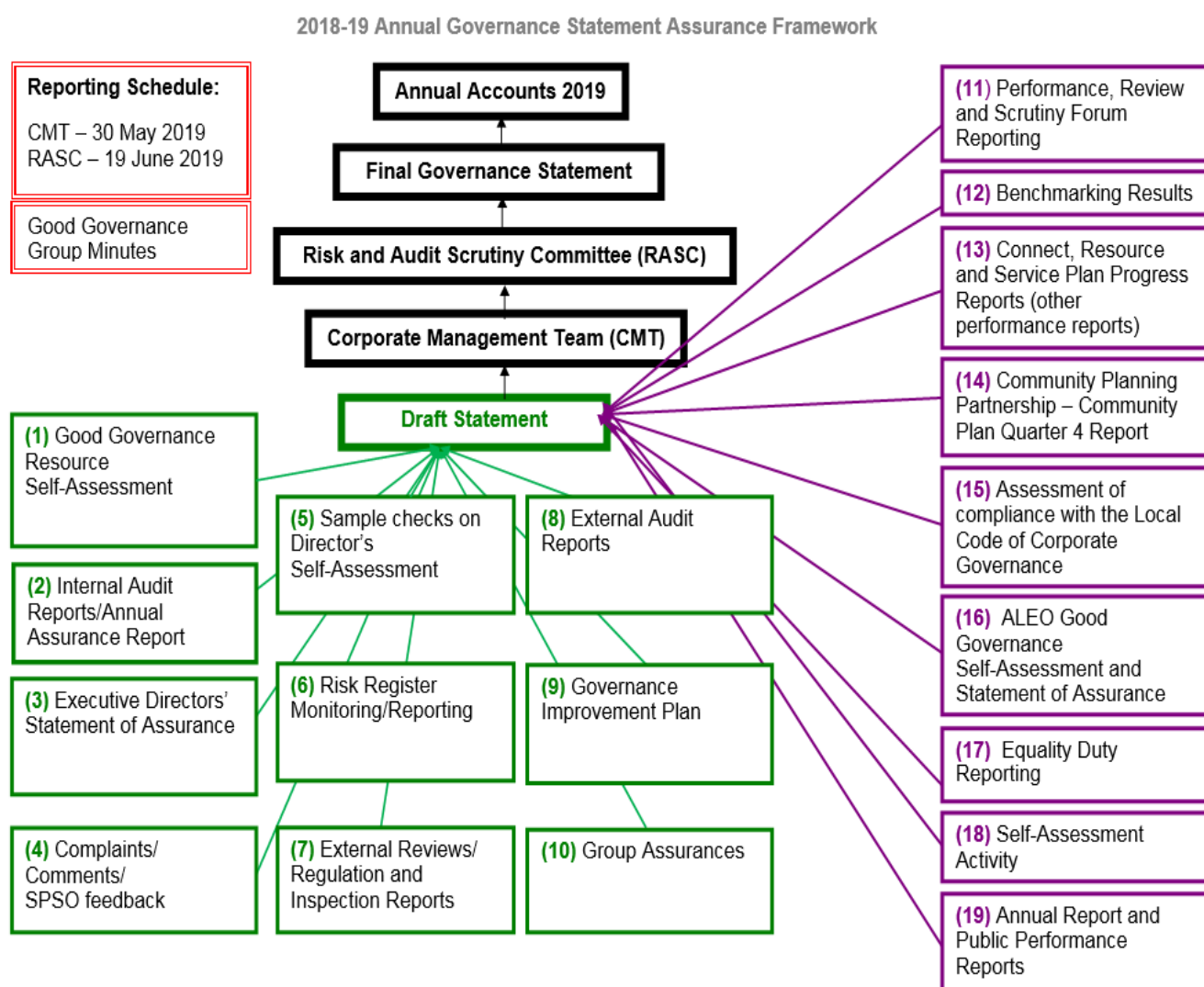
The governance framework comprises the culture, values, systems and processes by which the council is directed and controlled. It describes the way the council is accountable to communities. It enables the council to monitor the achievement of its strategic objectives and consider whether these objectives have led to the delivery of appropriate and cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's aims and objectives by evaluating the likelihood and potential impact of those risks being realised. This enables the council to manage risk efficiently, effectively and economically.

The governance framework has been in place at South Lanarkshire Council for the year ended 31 March 2019 and up to the date of approval of the Annual Report and Accounts.

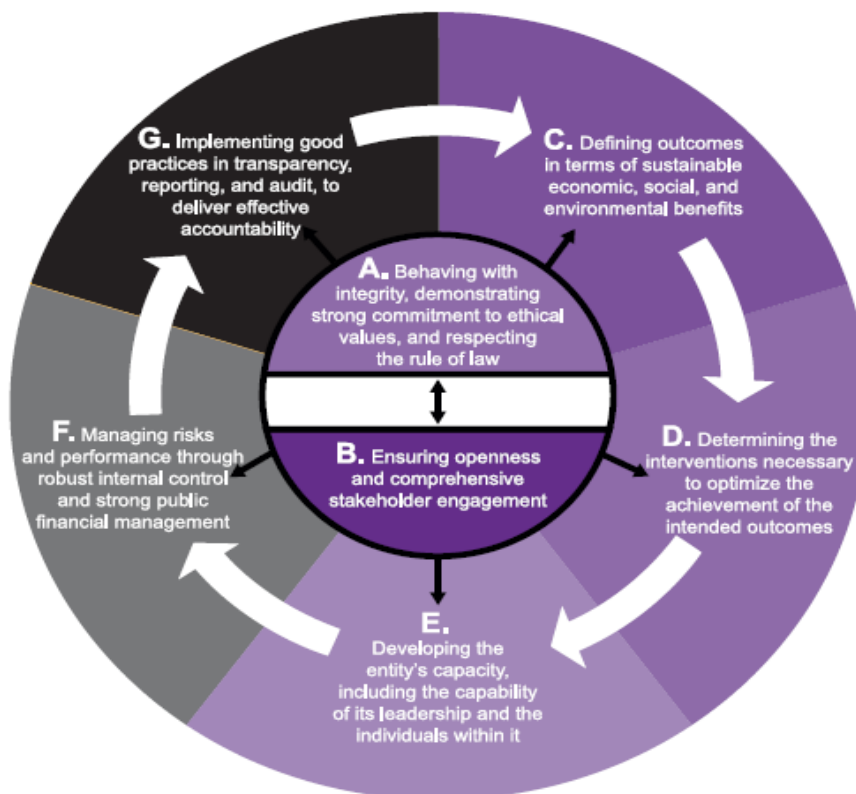
4. How the council monitors and evaluates the effectiveness of its governance arrangements?

The council annually reviews the effectiveness of its governance arrangements. The key sources of assurance that inform this review and underpin the statements made within this document are shown in the diagram below.



5. Key elements of the council's governance assurance framework

The council aims to achieve good standards of governance by adhering to the seven national principles below, which form the basis of the council's Code. These principles are used each year to evaluate governance arrangements and identify areas for improvement.



The following table demonstrates how the council has complied with these principles and provides assurance as to how they are met. Significant elements of the systems and processes that comprise the council's governance arrangements and important changes/developments are described. Links to the key council documents referred to below can be found in Section 2 of the Code.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
Links to council's values:
<ul style="list-style-type: none"> Accountable, effective, efficient and transparent; Working with and respecting others
How we do this:
<ul style="list-style-type: none"> The council's values and objectives provide clear direction to councillors and employees and are embedded in all policies and processes. Training in the standards of behaviour required in line with the Code of Conduct for Councillors and the revised Local Code of Corporate Governance was delivered to all councillors. This is supplemented by role profiles which have a core accountability to maintain the highest standards of conduct. A revised Code of Conduct for Councillors has been published and will be the subject of further training during 2019. Standards of conduct and integrity were promoted through the national Code of Conduct for Councillors and by the Standards and Procedures Advisory Forum. The employee Code of Conduct which outlines standards of conduct and integrity was updated during March 2019 to reflect the revised Local Code of Corporate Governance. All breaches were investigated through the employee disciplinary process and the recommended actions taken. To support integrity in decision making, the council has a number of committee procedural documents including decision making protocols, standing orders on

procedures and contracts and financial regulations. All declarations of interest made by councillors at meetings were recorded and were available for public inspection.

- There are a range of policies such as the Counter Fraud, Bribery and Corruption Policy Statement and Strategy, Fraud Response Plan, Whistleblowing for Third Parties and Confidential Reporting procedures that are used to support a culture of ethical behaviour amongst employees and councillors. These policies were revised during 2018 to ensure that they reflected best practice.
- The council responded to all reported cases concerning employees of suspected unethical behaviour and non-compliance with the law/policy.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Links to council's values:

Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs; Working with and respecting others

How we do this:

- All committee and forum meetings (except the Standards and Procedures Advisory Forum) were open to the public and agendas, reports and minutes were published on the council's website and copies were available for public inspection.
- A new [Petitions Committee](#) was introduced in June 2018 to consider matters raised through the council's petitions process and to help members of the public ensure that their views are heard.
- A new [Committee Management Information System](#) which allows members of the public to register and be notified when committee and forum papers are published was introduced during September 2018. The system also facilitates the creation of [online petitions](#) to increase the potential reach of signatories.
- To increase public engagement with the council, a new information website was launched during March 2019, and the council services website will be revised to include dedicated web pages for businesses.
- The council has approved a new approach to community participation and empowerment including the establishment of a Community Participation and Empowerment Team to increase stakeholder engagement and involvement in decision making processes.
- The first co-produced Community Planning Partnership Neighbourhood Plans with local residents for the three pilot areas aimed at improving outcomes and reducing inequalities were published.
- The Community Engagement Co-ordination Group maintained an overview of partnership community engagement activity. The work of this group is underpinned by the Community Engagement Framework.
- The council carried out 284 surveys and engagement activities with residents, employees and partners, and through the council's Citizens Panel to inform policy and service delivery. Further information on our surveys is published on the [council's website](#).
- To ensure inclusivity and help shape service delivery, the council co-ordinates regular engagement with targeted groups of people such as young people, older people, people with disabilities, black and ethnic minorities, etc. Groups considered items such as the budget consultation, rent setting and performance reporting. A shared Lanarkshire British Sign Language Plan was developed with local Deafblind Communities and published in October 2018.
- The [Participation Requests](#) and [Community Asset Transfer](#) processes support communities to engage with the council to improve local outcomes.
- The new performance [Spotlights](#) have simplified how the council reports annually to the public on what has been achieved and the [20 public performance reports](#) provide a comprehensive overview of service performance. These demonstrate the council's commitment to continuous improvement and achieving Best Value; summarise the progress that the council has made in meeting its objectives and how it is performing locally and nationally.

Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits
Links to council's values: Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs
How we do this:
<ul style="list-style-type: none"> • The council has a Capital Strategy that has a long-term outlook on future capital investment (up to 2027-28). This document is underpinned by a suite of Asset Management Plans which are aligned with the council's objectives and focus on creating an efficient, fit-for-purpose and sustainable core estate that delivers best value in terms of investment, running costs and environmental impact. • The Council Plan 2017-22 and Community Plan 2017-27 have clearly defined economic, social and environmental outcomes to be delivered during the period. • Annual Resource Plans which deliver the objectives of the Council Plan were reviewed and updated. These plans outline the outcomes and actions to be achieved within the year and reference linkages with other key strategic plans of the council and partnership plans. • The Sustainable Development and Climate Change Strategy 2017-22 which sets out the council's strategic outcomes in terms of the council, environment and communities for sustainable development and climate change during the period was developed using the principles of the United Nation's Sustainable Development Goals. • A new Sustainable Procurement Policy has been developed to ensure that sustainability principles are embedded in procurement processes and in recognition that our suppliers are important partners in the council's aim to become more sustainable. • Strategic Environmental Assessments (SEAs) were completed for all relevant council led policies, plans and strategies developed during 2018-19 and the council was recognised for good practice in a national SEA research publication. • A summary of the findings resulting from Equality Impact Assessments of the council's key decisions on service users, communities and businesses have been published on the council's website. • Strategic decisions of the council have been subject to a Fairer Scotland Impact Assessment which considers how inequalities of outcome can be reduced.
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes
Links to council's values: Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Focused on people and their needs; Working with and respecting others
How we do this:
<ul style="list-style-type: none"> • There is a standard approach to identifying savings across the council. The council's efficiency programme is overseen by the Senior Management Team and approved by councillors. • The Medium Term Financial Strategy 2019-22 and Long-Term Outlook 2028-29 which are aligned with the council's objectives were updated during the year to reflect the latest internal and external influences. These plans set out the assumptions in terms of commitments, grant funding and efficiency requirement and demonstrate sound financial management and the ability to address future projected funding gaps. • The annual budget setting consultations took place with members of the public, councillors, trade unions and employees to inform savings proposals. The budget is open to scrutiny and amendment by councillors until the approval of the final budget. • The council's Performance Management Framework has ensured that progress against intended outcomes has been regularly reported to Management Teams; committees; and the Performance and Review Scrutiny Forum. Decisions and actions to address

performance issues have been taken and monitored to ensure that they have been effective. A review of how performance is reported will take place during 2019.

- The Public Bodies (Joint Working Act) sets out those Adult Care Services that are delegated to the Integration Joint Board (IJB). These services continue to be operationally delivered by the council in line with the strategic direction set out in the Strategic Commissioning Plan and annual IJB Directions.
- The council considers the specification and achievement of community benefits, which focus on the health, economic, social and environmental wellbeing of the South Lanarkshire area, when awarding contracts.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Excellent employer; Focused on people and their needs; Working with and respecting others

How we do this:

- Senior Managers have overseen the annual scrutiny of the council's assets through the review of a suite of Asset Management Plans. The Corporate Asset Management Plan outlines priorities and provides an overview of how the council has performed in this area.
- The council's Scheme of Delegation ensured that committees, officers and statutory officers were clear on the decisions that could be made within their area of authority. This is supplemented by councillor's role profiles which outline the key purpose, specific and core accountabilities for each role.
- Training requirements were identified and learning and development programmes were developed and offered to all councillors.
- The council continues to work with third party service providers and a range of partners to increase capacity to deliver its objectives. Strategic Partnerships include the Community Planning Partnership and the Glasgow City Region City Deal. The council's recent Best Value Assurance Report concluded that the "council works well with a range of public-sector, business and academic partners to improve outcomes for citizens".
- Each Resource reviews Workforce Plans and related action plans to better understand workforce capacity issues, further challenges and opportunities to ensure that resources are in the right place, at the right time and people have the right skills.
- The council recognises that skilled and motivated employees are a key asset. All employees have an annual performance appraisal which links to council values and a Personal Development Plan. The council offers a range of training interventions to support employee development.
- A revised approach to management and leadership development which aims to equip managers with the skills and knowledge to be more effective in their roles has been approved and will be relaunched during August 2019.
- In terms of the 2017-18 Local Government Benchmarking Framework results, the council is performing better than the Scottish Average levels for almost half of the indicators. The results were analysed and an action plan was developed and will be monitored by the Senior Management Team.
- The council has a robust complaints process which is underpinned by national complaints handling standards. Complaints performance was regularly reported to Senior Management and committee and [learning from complaints](#) which is integral to this process is also published on the council's website.
- A range of policies and activities are in place to support the Health and Wellbeing of employees including physical and mental health.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Links to council's values: Accountable, effective, efficient and transparent; Ambitious, self-aware and improving
How we do this:
<ul style="list-style-type: none"> • The council has put in place comprehensive arrangements for identifying and managing significant risks. There was regular compliance monitoring of the council's Risk Management Strategy, Resource Risk Registers and Control Plans by the Risk Management Team, Council and Resource Risk Sponsors Groups. • The Risk Management Strategy which clearly defines roles and responsibilities for councillors and employees will be subject to a full review during 2019-20. • An external review of the council's Insurance Fund concluded that the fund was sufficient to meet known liabilities and that no further increase to the balance of the fund was required. • The council's Internal Audit Service which complies with Public Sector Internal Audit Standards completed its annual programme of risk based audits with an objective of providing an opinion on the adequacy and effectiveness of the council's risk management, governance and internal control arrangements. Where improvements were required, action plans were developed and monitored and where necessary follow-up audit work completed. • The Information Governance Board supported by Internal Audit ensured regular scrutiny and the promotion of effective arrangements for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. • The annual review of compliance with the council's Information Management Framework did not highlight any significant areas of concern. • The system of internal financial control is based upon the Financial Regulations which set out the rules to ensure robust internal control over the council's finances. Control is maintained through regular management information, management supervision and a structure of delegation and accountability. External Audit of the council's accounts is robust and a "clean audit certificate" was issued for 2017-18. • Through a well-established Performance Management Framework, the council has clearly defined processes in place for the identification, monitoring and reporting of its objectives to ensure continued effectiveness and the achievement of Best Value. Progress is monitored and reported regularly to both managers and councillors. This includes areas of under-performance and the related improvement actions. • Guidance on Funding External Bodies and Following the Public Pound was developed to ensure a consistent approach across the council. • The council's Charitable Trust Funds are being modernised with new constitutions to ensure that the Trusts operate in a manner designed to benefit communities. • The Executive Director of Finance and Corporate Resources is a member of the council's Corporate Management Team and as such, is integral in all major decisions taken by the council, and in material matters which are submitted to councillors for decision. This involvement fulfils the expectation of CIPFA in terms of the role of the Chief Financial Officer.
Principle G: Fair, Open and Sustainable; Implementing good practices in transparency; reporting, and audit to deliver effective accountability
Links to council's values: Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Working with and respecting others
How we do this:
<ul style="list-style-type: none"> • The Good Governance Group has completed the annual review of governance arrangements at resource level and in line with the CIPFA/SOLACE Delivering Good Governance Framework. Whilst there are no new significant issues to highlight in this statement, governance improvement actions have been identified and are included in Resource/Service Action Plans. Progress against actions including those highlighted as

significant governance areas for action will be reported to the Senior Management Team and committee.

- The annual review of governance arrangements for the council's at arm's length external organisation (ALEO) and key external service providers has highlighted areas for improvement which are currently being progressed by the council and the respective organisations.
- All Directors completed their annual Statement of Assurance and did not identify any compliance issues.
- The council prepares and publishes an Annual Governance Statement which reflects on the adequacy and effectiveness of the council's governance arrangements. This is independently considered by External Audit and published with the Annual Accounts and separately on a dedicated [governance web page](#).
- The annual review of the Local Code of Corporate Governance was completed and the revised Code was approved by committee and re-published.
- Committee meetings were held in public and all agendas, reports and decisions were published (except those exempt under the Local Government (Scotland) Act 1973) on the council's website.
- The Risk and Audit Scrutiny Committee considered the adequacy and effectiveness of the council's governance arrangements and internal control environment and approved the Annual Governance Statement and Accounts.
- Outcomes from internal audit activity were reported to the Senior Management Team and to the Risk and Audit Scrutiny Committee.
- Outcomes from external audit activity were reported to the Risk and Audit Scrutiny Committee.
- During 2018-19, the council were subject to a Best Value Assurance Review. The report concluded that the "council performs very well, benefits from strong leadership, clear direction and displays many of the characteristics of best value". The report also makes recommendations for improvement and the council has responded by developing an action plan to deliver these.
- The council's Managing Risks in Partnership Guidance has been reviewed and now includes the CIPFA/SOLACE Delivering Good Governance Guidance and a checklist on embedding the principles of good governance in partnerships.

6. Review of Effectiveness

The review of governance arrangements for 2018-19 has also considered the following assurance outcomes:-

Group Assurances

In respect of the Joint Boards, Charities and Companies that fall within the council's group boundary, the review of their internal financial control systems is informed by:-

- Annual Governance Statements included in the respective financial statements of the Joint Boards;
- Assurances from company directors and/or other senior company officials; and
- The work of the relevant bodies respective external auditors (and where relevant internal auditors) and other interim reports.

The Executive Director of Finance and Corporate Resources, the council's Chief Financial Officer, has considered the effectiveness of the group's internal financial control system for the year ended 31 March 2019. It is the Executive Director of Finance and Corporate Resources' opinion that reasonable assurance can be placed on its effectiveness.

Internal Assurance

It is the opinion of the council's Risk Management Service that a good level of assurance can be placed on the council's strategic risk control environment and a good level of assurance can be placed on the council's operational risk control environment.

It is the opinion of the council's Audit and Compliance Manager that reasonable assurance can be placed on the adequacy and effectiveness of the council's framework of governance, risk management and control arrangements.

7. Significant Governance Areas

The 2017-18 Annual Governance Statement identified 21 areas for improvement. Details of these improvements and the actions taken can be found on the council's website; see the Good Governance Action Plan. **Note:-** link to be added to Q4 RASC report when published.

The following areas which outline the actions being taken to address them were identified through the 2018-19 annual governance review:-

No.	Areas identified in 2018-19	Actions	Lead Officer
1	Brexit Impact of the UK leaving the European Union on the council	The potential implications for the council in relation to:- <ul style="list-style-type: none">• Funding and finance;• Workforce and employment;• Procurement and trade;• Legislation; and• Support to local businesses. have been considered and the council will continue to closely monitor the situation with contingency arrangements being implemented where required.	Director of Finance and Corporate Resources
2	Best Value Assurance Review Changes to the council's governance and service delivery arrangements to deliver the improvement plan	During 2018-19, the council were subject to a Best Value Assurance Review. The Assurance Report makes recommendations for improvement and the council has developed a plan to deliver these. During 2019-20, the council will begin the process of implementing the improvement plan including working with Partners to deliver the actions that fall within the remit of the Community Planning Partnership.	Director of Finance and Corporate Resources
3	Mid-term review of committee procedural documents Changes to the council's governance arrangements in relation to committee decision making processes and procedures	A comprehensive review of the committee procedural documents has commenced. All councillors have been consulted and the process is being overseen by the Standards and Procedures Advisory Forum. The review will be concluded by December 2019.	Director of Finance and Corporate Resources

No.	Areas identified in 2018-19	Actions	Lead Officer
4	Participatory Budgeting 1% of the council's budget to be subject to Participatory Budgeting	<p>By 2020-21 all Scottish councils are required to commit 1% of their budget to Participatory Budgeting (with the "council budget" being defined as the council's Total Estimated Expenditure (TEE) less Assumed Council Tax Income both taken from the Government's Finance Settlement).</p> <p>Councillor's awareness sessions have been conducted and a report on Participatory Budgeting was presented to Executive Committee in May 2019.</p> <p>Further update reports will be submitted to committee.</p>	Director of Finance and Corporate Resources
5	Financial Challenges Reduction in council funding, resulting in difficulties maintaining front line services	<p>The council faces a challenging situation in the medium to long-term because of reduced funding in real terms, rising costs and an increase in demand.</p> <p>The council has developed a long-term strategy which identifies budget pressures, future risks and uncertainties, and projects budget gaps to 2028-29.</p> <p>The Budget Strategy for 2020-21 will be updated and presented to councillors during autumn 2019.</p>	Director of Finance and Corporate Resources
6	GDPR Compliance with the new General Data Protection Regulations (GDPR)	<p>GDPR came into effect on 25 May 2018. The council is progressing its GDPR action plan and has appointed a Data Protection Officer; approved an Information Security Policy; completed an information audit; and delivered internal and external training.</p> <p>The council is currently in the process of developing and implementing a new file plan system to provide a greater level of control over the management of all data held by the council. Stage One was completed December 2018 and Stage Two will be completed during 2019-20.</p> <p>During 2019-20 further actions to ensure compliance with GDPR will be undertaken:-</p> <ul style="list-style-type: none"> Employee training on "How Data Protection Works"; and 	Director of Finance and Corporate Resources

No.	Areas identified in 2018-19	Actions	Lead Officer
		<ul style="list-style-type: none"> Replacement of the current Privacy Policy with a Data Protection Policy 	
7	<p>Integrated Joint Board – Health and Social Care</p> <p>The council will need to consider the implications from recent national reports and policy changes</p>	<p>The Integrated Joint Board members and other relevant stakeholders will participate in workshops to consider the current position in relation to the recommendations/policy changes, identify gaps and agree areas for improvement.</p> <p>A new Strategic Commissioning Plan 2019-22 has been approved by the IJB.</p> <p>Directions that set out the key actions to be delivered by the council during the year 2019-20 were issued on 31 March 2019.</p>	Director, Health and Social Care, South Lanarkshire Health and Social Care Partnership
8	<p>National expansion in early years education and childcare provision</p> <p>The council is likely to face challenges in acquiring the necessary physical assets and staffing levels to meet the commitments by 2020</p>	<p>Strategic and operational plans are in place with key milestones identified in terms of infra-structure, financial, personnel, quality standards, training and recruitment and on consultation with partners and parents identified to deliver 1140 hours of early learning and childcare by August 2020.</p> <p>Regular reporting mechanisms are also in place with updates provided to committee including engagement with partner providers to increase private and third sector partnership.</p>	Director of Education Resources
9	<p>Welfare Reform</p> <p>Impact of Welfare Reform on council services</p>	<p>Regular update reports on Welfare Reform are provided to the Senior Management Team (SMT), committee and the Community Planning Partnership (CPP) Board to ensure effective partnership working. During the year, a Welfare Reform Workshop was held with Partners and Third Sector Organisations. As a result, the Welfare Reform information provided to the SMT and the CPP Board and the membership of the Welfare Reform Group is being reviewed.</p> <p>During 2019-20, the council will be looking at the structures and services used to support those affected by Welfare Reform.</p>	Director of Finance and Corporate Resources
10	<p>Child Poverty</p> <p>The council's contribution to meeting</p>	<p>A Child Poverty Lead Officer Group was established to draft the first Child Poverty Action Report. The council, NHS</p>	Director of Finance and

No.	Areas identified in 2018-19	Actions	Lead Officer
	the national child poverty reduction targets as set out in the Child Poverty (Scotland) Act 2018 and the requirement to undertake new activity and a new approach to tackling child poverty.	<p>Lanarkshire and South Lanarkshire Community Planning Partners have developed the first report for publication by 30 June 2019.</p> <p>Work is underway to deliver the Partnership's Child Poverty Action Plan for 2019-20.</p> <p>Feedback on the Local Action Reports will be provided by the new Poverty and Inequality Commission during 2019-20.</p>	Corporate Resources

8. Summary

The annual review of governance arrangements across the council and overall compliance with the council's Code demonstrate sufficient evidence that the Code's principles of Delivering Good Governance in Local Government operated effectively and that the council complies with its Code.

During 2019-20, steps will be taken to address the significant governance areas highlighted in this statement to further enhance the council's governance arrangements and evidence our commitment to continuous improvement.

John Ross

Leader of the Council

Signature:

Date:

Lindsay Freeland

Chief Executive

Signature:

Date:

Paul Manning

Executive Director (Finance and Corporate Resources)

Signature:

Date: