

## Governance Statement 2010/2011

### Acknowledgement

South Lanarkshire Council is responsible for ensuring business is conducted in accordance with legislation and adheres to and works within a framework of internal values and external principles and standards. The Council also ensures the economic, efficient and effective use of public money through the continuous improvement of service provision.

The Council has a governance framework in place exercising control over service delivery and the management of risk. The assessment of internal assurance is undertaken using the Finance Advisory Network (FAN) model.

This statement outlines how South Lanarkshire Council has complied during 2010/11.

### The Purpose of the Governance Arrangements

The Council has governance arrangements which provide an overview of the culture, processes, systems and values by which the Council controls and directs its activities.

The annual governance review informs the detail of the Governance Statement by considering a wide range of evidence and supporting information, including self-assessments and internal and external audits and inspections. Areas identified as requiring improvement are actioned through corporate and service Governance Improvement Plans.

### Governance Arrangements

The key structures, strategies, processes and systems which are included in the Council's good governance arrangements include:-

- **The Community Planning Single Outcome Agreement.** This provides the focus of the strategic work undertaken by the Council and partners to progress national and local outcomes.
- **The Community Plan** sets out the joint vision and objectives for South Lanarkshire. The Community Plan was refreshed during 2010/11 to provide a clear link to the objectives and outcomes of the Single Outcome Agreement.
- **"Connect"** the Council's strategic plan, provides the vision for the area, priorities for service delivery, objectives and values. The Council plan will be updated during 2011/12
- **Performance Management** and monitoring of SPI's, LPI's and service delivery is demonstrated through a number of routes including Resource and Service planning process. The Corporate performance framework provides regular reporting which is monitored through IMPROVe, the Council's performance management reporting system.
- **External audits** and inspections.
- The Council operates within an established procedural framework that includes the **Scheme of Delegation, Standing Orders, Standing Orders on Contracts, Financial Regulations, and Committee Terms of Reference.** This is supported by other policies and frameworks such as the Council's Corporate Standards, and Personnel Policies and Procedures.
- **Reporting** through senior management to committees for decision taking and to forums for scrutiny in the areas of finance, performance, risk and audit.

- **Codes of Conduct** and corporate standards for employees – due to be refreshed in 2011/12 following the introduction of new guidance.
- Elected Members operate within a **national code of conduct**
- **Legal Services** work in partnership with Resources to ensure compliance with relevant laws and regulations.
- **Internal Audit** tests and reports regularly on operational and financial controls.
- The Council operates within a well-developed **financial planning framework**. This includes the preparation of an efficiency statement demonstrating that the Council is making best use of limited resources within the current economic climate.
- A **Risk Management Strategy** and methodology is in place that identifies, evaluates and manages risks associated with the delivery of the Council's objectives.
- Members and officers are supported by appropriate ongoing **Training and Development**.
- **Effective and timely communication** allows the Council to effectively communicate with its employees and its community. This is delivered through the Council's newspaper, the South Lanarkshire "Reporter", regular press coverage in the "View", an insert in the local press and the Council's website. The Council also carries out a wide range of customer satisfaction, engagement and consultation exercises through its Citizens' Panel, various Forums and Working Groups.
- As part of ongoing **continuous improvement** and self assessment processes the Council has a 3 year programme to roll out Empower (the self assessment Public Sector Improvement Framework toolkit (PSIF)) to all its services.
- The South Lanarkshire Partnership Board will participate in the Community Planning PSIF pilot assessment during 2011/12.

## **Governance Roles and Responsibilities**

The Council plays a lead role in the community and delivers services both directly and through joint working with Community Planning Partners.

The Risk and Audit Scrutiny Forum has the responsibility to monitor the Council's Good Governance and risk management responsibilities.

Council Officer roles and responsibilities are outlined within a structured performance and development review process (PDR) linking through the "Golden Thread" to the Council Plan, Resource Plans and Service Action Plans. Each Executive Director has specific corporate responsibilities.

Finance and IT Resources have a stewardship role in monitoring and reporting on financial performance, and ensuring public funds are properly accounted for and managed. A central risk management team provide advice on the management of risk.

Members and officers sit on Boards and Committees which are within South Lanarkshire Council's Group Accounts. This contributes to the control exercised over these funded bodies.

## Review of Effectiveness

A review of South Lanarkshire Council's system of internal control has to be undertaken. Assurance for 2010/2011 has been informed by a wide range of sources which include:

- Individual Governance Statements and self assessments from Executive Directors using the Finance Advisory Network (FAN) model;
- Internal and external audits and inspections;
- Internal reviews and improvement plans;
- Extent of delivery of Resource and Service Plans incorporating the delivery of 'Connect', the Council Plan; and
- Good Governance Action plan.

## Internal Audit and Risk Management

Internal Audit plays an essential role in the control environment providing assurance that internal controls are being exercised. The Internal Audit Service reports to the Head of Audit and Improvement, the Executive Committee and the Risk and Audit Scrutiny Forum.

Audit findings for Strathclyde Fire and Rescue are reported to the Board of Strathclyde Fire and Rescue and its Performance and Audit Forum.

Lanarkshire Valuation Joint Board and South Lanarkshire Leisure and Culture audit findings are reported to their respective Boards.

Key financial and operational systems are reviewed and assessed through a programme of audit work. Recommendations from audits provide management with an overview of the adequacy of systems and procedures, and outline methods to improve the control environment and prioritise areas of greatest risk.

For 2010/2011, Internal Audit's opinion is that a reasonable level of assurance can be placed on the Council's operational and financial control environment. Operational and financial controls have been declared as adequate.

## Governance Improvements During 2010/11

From the improvement areas identified in last year's statement of governance and internal control the Council is pleased to report improvements in its governance arrangements including:-

### 2010/11 Improvement Areas:-

1. Implement the Council's approved financial strategy which has been developed in light of the economic and budgetary context for local government. **Update:** The Council's approved 3 year financial strategy was developed to respond to the economic and budgetary constraints on local government. Savings proposals were identified using a priority matrix.
2. Complete corporate improvement projects, identified as part of the efficient government agenda, as per approved timetable including diagnostic reviews **Update:** Corporate improvement projects progressed as per approved timetable.

3. Continue to raise elected member, employee and community awareness of the potential impact of the economic recession through the 'Smarter Choices' communication process. **Update:** Continued awareness raising undertaken during 2010/11 through South Lanarkshire Reporter, specific employee consultation and discussion sessions, The Works magazine and community events.
4. Continue to progress shared service considerations through the Clyde Valley Community Planning Partnership with lead role in Asset Management  
**Update:** Progress has been made to establish best practice in asset management as well as considering effective models to promote partner property sharing.
5. Continue to deliver the Council's performance management arrangements and transparently report on all red performance traffic light indicators.  
**Update:** Performance management arrangements continue to be developed and progressed through IMPROVe which is coming to the end of stage 2 development. All red performance traffic light indicators are being reported to Committee.
6. Progress benefits tracking of improvement actions and use of Empower self assessment tool. **Update:** Benefits tracking of corporate improvement actions are undertaken through IMPROVe. The Empower self assessment tool has been used by 5 Services during 2010/11 as well as corporate assessment. Action plans have been developed to progress improvement.
7. Progress the development of Information Governance  
**Update:** Information Governance Group established and Information Governance Strategy progressed during 2010/11, with ongoing development to be undertaken during 2011/12.
8. Adopt the new complaints and reporting framework;  
**Update:** The Scottish Public Service Ombudsman (SPSO) has produced a model complaints handbook. Progress on this area to be continued into 2011/12
9. Move to the Finance Advisory Network (FAN) model of assessment for the 2010/11 Governance Statement, and update the Local Code of Good Governance. **Update:** FAN model approach used for the 2010/11 Governance assessment. The Code of Good Governance to be reviewed during 2011/12 following the introduction of new legislation and guidance.
10. Reduce time taken from agreement of decisions at Committee to implementation of the agreed decisions. **Update:** Resources to ensure that implementation and monitoring progress reports are provided to relevant Council Committees.
11. Progress unit costing and align performance and progress reporting to financial reporting. **Update:** Alignment of performance and progress reporting to financial reporting has been progressed through the 3 year financial strategy. A proposed model for unit costing was presented to the 3 Year Budget Working Group.
12. Progress annual reporting of contract outcomes. **Update:** Ongoing progress achieved through improvements to the contracts register.

13. Ongoing development and implementation of procurement service to reflect best practice and improve our capability scoring, as well as identifying efficiencies consistent with our target. **Update:** Although there was a modest improvement in the procurement capability assessment in December 2010 the national standard was not reached. A further review of the procurement service is currently being undertaken with improvements planned for 2011/12.
14. Be open about risk when making major decisions including budget setting  
**Update:** Progressed through budget setting and prioritisation of savings approach, and through Risk Management Year End Report 2010/11. Savings proposals were risk based and compliance scores relating to inclusion of risk in major decisions improved by more than 25%.
15. Demonstrating that the Council is “following the public pound” (audit report).  
**Update:** Considered through the Assurance and Improvement Plan under “assuring public money is being used properly” – area categorised as having no significant risks. A 2010 internal audit showed consistency in award of grants and that consultation had resulted in the production of a “Good Practice Guide”

Some other improvement areas identified in last year’s statement have not yet been fully delivered but will be included in the governance improvement plan. These include:-

The review of the Local Code of Good Governance. A review of the Employee Code will be undertaken during 2011/12 following change to legislation and resulting issue of guidance. The Elected Member Code of Conduct was reviewed during 2010/11 and a revised Code has been published. Member awareness raising training will take place as part of the 2011/2012 Members’ Learning and Development Programme.

### **Control and Governance Improvement areas for 2011/12**

The internal review of governance arrangement has highlighted areas of improvement. We propose over the coming year to take further steps to:

- Continue to review and assess the Council’s financial situation in light of the economic and budgetary context for local government;
- Continue to raise awareness of the potential impact of the financial situation;
- Undertake a review of governance assurance methodology;
- Update the local Code of Governance;
- Amend Employee Code of Conduct to take account of new legislative requirements;
- Provide briefings on revised Councillor Code of Conduct;
- Adopt the new complaints and reporting framework;
- Complete review of procurement service;
- Update the partnership register, review categories of partnerships and develop monitoring arrangements;
- Continue to give priority to the promotion of risk management activity;
- Further roll-out Empower self assessments;
- Implement the Information Governance Strategy.

## **Assurance**

It is the Council's view that the systems for governance and internal control were reasonably effective in South Lanarkshire Council and its group, during 2010/2011 and that there are no significant weaknesses. Addressing the above matters will further enhance our governance arrangements and our commitment to continuous improvement. This assurance is limited, however, to the work undertaken during the year and the evidence available at the time of preparing this statement

### **Leader of the Council**

**Signature**

**Date**

### **Chief Executive**

**Signature**

**Date**