

# Report

Report to:	<b>Risk and Audit Scrutiny Forum</b>
Date of Meeting:	<b>13 June 2018</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Review - Code of Corporate Governance and Annual Governance Statement</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Provide the Forum with an update on the evaluation of the 2016-17 Annual Governance process and of the changes made to the Local Code of Corporate Governance and the Annual Governance Statement.

## 2. Recommendation(s)

2.1. The Risk and Audit Scrutiny Forum is asked to approve the following recommendation(s):-

- (1) that the review of the Local Code of Corporate Governance and Annual Governance Statement is noted.

## 3. Background

3.1. Each year, the Council undertakes a comprehensive review of the governance arrangements that are required to support the Council's financial and operational controls. The annual review of governance arrangements informs the Governance Statement which is included within the Council's Annual Accounts.

3.2. On 1 April 2016, a new governance framework came into effect, Delivering Good Governance in Local Government, and the guidance for Scottish Local Authorities was published in December 2016. The framework was established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). Changes were made to the Annual Governance Self-Assessment process in 2016-17 to meet the principles and requirements contained within the new framework, however, further work to review the Council's wider governance framework was required.

## 4. Evaluation of the 2016-17 Annual Governance Process

4.1. On completion of the 2016-17 Annual Review of Governance Arrangements, representatives from the Governance Group undertook a full review of the process and the associated documentation.

4.2. The review was completed in accordance with the principles and requirements contained within the new framework and also took account of feedback received from the Council's external auditor. Work was undertaken to identify best practice in other local authorities and this learning has also informed the review.

4.3. Some of the key outcomes of the review are listed below:-

- a new Local Code of Corporate Governance
- a new Annual Governance Statement Template
- alignment of all key documents with the principles and requirements contained within the CIPFA/SOLACE framework, thereby creating a golden thread between the Local Code of Corporate Governance; the Annual Corporate and Resource Self-Assessment Checklists; and the Annual Governance Statement
- the inclusion of “peer reviews” at stages of the Annual Review of Governance Arrangements to identify best practice and share learning across Resources
- a more streamlined reporting process for the annual governance improvement actions to reduce current duplication. Improvement actions specific to each Resource will continue to be reported through the Resource Planning process and only those actions that are “significant” or will impact all Resources will be reported through the Governance Improvement Plan. Resources will continue to be required to demonstrate how they have improved governance arrangements in their Annual Director’s Statement of Assurance

## **5. Local Code of Corporate Governance**

- 5.1. To achieve good governance, the Council should be able to demonstrate that its governance structures comply with the principles contained in the CIPFA/SOLACE framework and should, therefore, develop and maintain a Local Code of Governance and governance arrangements reflecting these principles. A new Local Code of Corporate Governance has been developed to meet these requirements.
- 5.2. The new Code comprises a framework of policies, procedures, behaviours and values by which the Council is controlled and governed. It shows how the Council will continue to review the governance arrangements that are currently in place and implement improvements, where necessary.

The document is split into two sections:-

- Section 1 outlines the actions and behaviours that demonstrate good governance as set out in the national framework (referred to at paragraph 3.2.)
- Section 2 provides links to the policies, procedures and other documentary evidence that demonstrate the Council’s governance arrangements

These provide the structures and guidance that our elected members and employees need to ensure effective governance across the Council. A copy of the draft Code is attached at Appendix 1.

- 5.3. Compliance with the Code will be reviewed as part of the Annual Review of Governance arrangements and will be evidenced through the Corporate Self-Assessment Checklist and through the Annual Governance Statement. To allow the Governance Group to focus on producing the Annual Governance Statement for approval by Committee in June each year, it is proposed that the annual update of the Code document takes place in autumn.

## **6. Annual Governance Statement**

- 6.1. The new Governance Statement template has been developed to make clear linkages with the CIPFA/SOLACE framework and to provide an annual record of how the Council complies with its Local Code of Corporate Governance. The template has been re-focussed to provide information on key governance arrangements and uses a diagram and links to other key governance documents to supplement the information.

6.2. The new template will be used for the forthcoming 2017-18 Annual Governance Statement. A copy of the new Governance Statement Template is attached at Appendix 2.

## **7. Employee Implications**

7.1. Officers will continue to attend the Good Governance Group and will commit time to review and monitor governance and assurance arrangements.

7.2. Officers will be assigned to lead on areas identified as improvement areas.

7.3. The Local Code of Corporate Governance will be communicated to all elected members and employees.

## **8. Financial Implications**

8.1. There are no financial implications directly associated with this report.

## **9. Other Implications**

9.1. The Annual Governance Statement will be subject to review by Audit Scotland as part of their consideration of the council's Annual Report.

9.2. There are no significant issues in terms of sustainability or risk directly associated with this report.

## **10. Equality Impact Assessment and Consultation Arrangements**

10.1. All Resources, through senior officers, are involved in the progress, monitoring and review of good governance arrangements and the development of the Annual Governance Statement and Improvement Plan.

10.2. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

15 May 2018

## **Link(s) to Council Objectives/Ambitions/Values**

◆ All Council Objectives, Ambitions and Values

## **Previous References**

◆ None

## **List of Background Papers**

◆ None

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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## Draft Local Code of Corporate Governance 2018

### Introduction

#### What is Corporate Governance?

South Lanarkshire Council has set the framework for strong Corporate Governance by having a clear vision which states that the council will:-

“Improve the quality of life of everyone in South Lanarkshire”

The function of good governance in the public sector is to ensure that organisations achieve their intended outcomes while acting in the public interest at all times. This means doing the right things, in the right way, for the right people, at the right time, in an inclusive, open, honest and accountable manner.

#### Purpose

This document sets out South Lanarkshire Council’s Local Code of Corporate Governance which has been produced in accordance with the principles and requirements contained within the framework established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in the publication, Delivering Good Governance in Local Government Framework (2016 Edition) (referred to as “The Framework”). It comprises of a framework of policies, procedures, behaviours and values by which the council is controlled and governed. It shows how the council will continue to review the governance arrangements that are currently in place and implement improvements where necessary.

The Code is split into two sections:-

- Section 1 outlines the actions and behaviours that demonstrate good governance as set out in the framework; and
- Section 2 provides links to the policies, procedures and other documentary evidence that demonstrate the council’s governance arrangements.

These provide the structures and guidance that our councillors and employees need to ensure effective governance across the council.

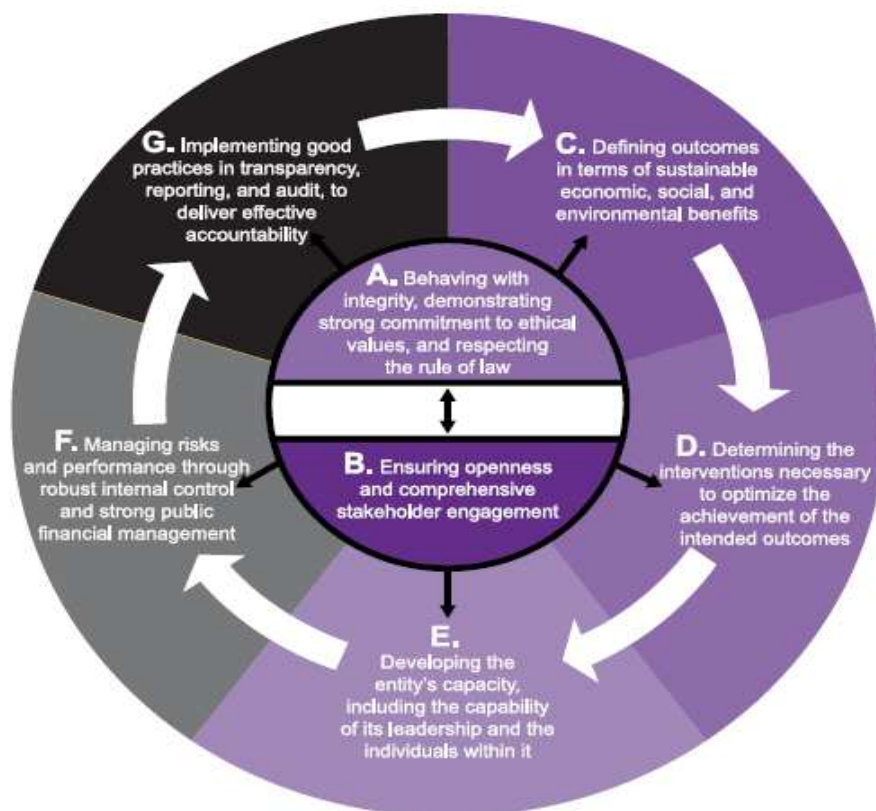
#### Good Governance in the Public Sector (The Framework)

The Framework defines the principles that should underpin the governance of each council and provides a structure to help councils with their approach to governance. Whatever arrangements are in place, councils should test their governance structures and partnerships against the principles contained in the Framework by:-

- reviewing existing governance arrangements;
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness; and
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

To achieve good governance, each council should be able to demonstrate that its governance structures comply with the principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.

The diagram below illustrates the various principles of good governance in the public sector and how they relate to each other:-



Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at Section 1.

### **Monitoring and Review**

The council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date.

### **Compliance with the Code**

Compliance with the code will be assessed annually using the councils' "Governance Assurance Framework". This will be assessed by a governance working group which is chaired by the council's monitoring officer and comprises of senior officers from each of the council's five departments. The Internal Auditor also attends these meetings. The results of the assessment will be reported to the Risk and Audit Scrutiny Forum and the Executive Committee. This will incorporate recommendations for additions and/or improvements to the code to reflect any changes in the way in which the council does business or new legislation affecting the council's governance arrangements.

Each year the council will publish an Annual Governance Statement. The Leader of the Council and the Chief Executive are required to produce this as part of the auditing of the council's annual accounts. This will reflect the governance officer working group's assessment of compliance; provide an opinion on the effectiveness of the council's arrangements; and provide details of any improvements required. In addition, the council's Internal Audit team will also conduct an annual independent audit reviewing the adequacy, effectiveness and extent of compliance with the code.

### **Certification**

The council is committed to the seven principles of good corporate governance detailed within the Framework and demonstrates this commitment through the development, adoption and implementation of a Local Code of Corporate Governance.

We hereby certify our commitment to this Code of Corporate Governance and will make sure that the council continues to review, evaluate and develop the council's governance arrangements to ensure continuous improvement of the council's systems.

**John Ross**  
**Leader of the Council**

**Signature:**

**Date:**

**Lindsay Freeland**  
**Chief Executive**

**Signature:**

**Date:**

## Section 1

### Actions and behaviours that demonstrate good governance in practice

<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	
<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>	
<b>Sub principles:</b>	<b>South Lanarkshire Council is committed to:-</b>
<b>A1: Behaving with integrity</b>	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the council.
	Ensuring members take the lead in establishing specific standard operating principles or values for the council and its employees and that they are communicated and understood. These should build on the Seven Principles of Public Life (The Nolan Principles).
	Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.
<b>A2: Demonstrating strong commitment to ethical values</b>	Seeking to establish, monitor and maintain the council's ethical standards and performance.
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the council's culture and operation.
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.
	Ensuring that external providers of services on behalf of the council are required to act with integrity and in compliance with ethical standards expected by the council.
<b>A3: Respecting the rule of law</b>	Ensuring members and employees demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.
	Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.
	Dealing with breaches of legal and regulatory provisions effectively.
	Ensuring corruption and misuse of power are dealt with effectively.





**Principle B: Ensuring openness and comprehensive stakeholder engagement**

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.

<b>Sub principles:</b>	<b>South Lanarkshire Council is committed to:-</b>
<b>B1: Openness</b>	<p>Ensuring an open culture through demonstrating, documenting and communicating the council's commitment to openness.</p> <p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.</p> <p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</p> <p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.</p>
<b>B2: Engaging comprehensively with institutional stakeholders</b>	<p>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</p> <p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</p> <p>Ensuring that partnerships are based on: trust; a shared commitment to change; a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.</p>
<b>B3: Engaging with individual citizens and service users effectively</b>	<p>Establishing a clear policy on the types of issues that the council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p> <p>Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</p> <p>Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.</p> <p>Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.</p> <p>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</p> <p>Taking account of the impact of decisions on future generations of tax payers and service users.</p>

**Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the council’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.

<b>Sub principles:</b>	<b>South Lanarkshire Council is committed to:-</b>
<b>C1: Defining Outcomes</b>	Having a clear vision which is an agreed formal statement of the council's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the council's overall strategy, planning and other decisions.
	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.
	Delivering defined outcomes on a sustainable basis within the resources that will be available.
	Identifying and managing risks to the achievement of outcomes.
	Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.
<b>C2: Sustainable economic, social and environmental benefits</b>	Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.
	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the council's intended outcomes and short-term factors such as the political cycle or financial constraints.
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.
	Ensuring fair access to services.

**Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

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 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.

<b>Sub principles:</b>	<b>South Lanarkshire Council is committed to:-</b>
<b>D1: Determining interventions</b>	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided.
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.
<b>D2: Planning interventions</b>	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.
	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
	Considering and monitoring risks facing each partner when working collaboratively, including shared risks.
	Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.
	Ensuring capacity exists to generate the information required to review service quality regularly.
	Preparing budgets in accordance with objectives, strategies and the medium term financial plan.
	Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
<b>D3: Optimising achievement of intended outcomes</b>	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.
	Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.
	Ensuring the achievement of 'social value' through service planning and commissioning.

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

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively 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.

<b>Sub principles:</b>	<b>South Lanarkshire Council is committed to:-</b>
<b>E1: Developing the entity’s capacity</b>	<p>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</p> <p>Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.</p> <p>Recognising the benefits of partnerships and collaborative working where added value can be achieved.</p> <p>Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</p>
<b>E2: Developing the capability of the entity's leadership and other individuals</b>	<p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</p> <p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.</p> <p>Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.</p> <p>Developing the capabilities of members and senior management to achieve effective leadership and to enable the council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> <li>• Ensuring members and employees have access to appropriate induction tailored to their role and that ongoing training and development matching individual and council 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; and</li> <li>• Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.</li> </ul> <p>Ensuring that there are structures in place to encourage public participation.</p>

	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.
	Holding staff to account through regular performance reviews which take account of training or development needs.
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

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

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can 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 delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

<b>Sub principles:</b>	<b>South Lanarkshire is committed to:-</b>
<b>F1: Managing risk</b>	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
	Ensuring that responsibilities for managing individual risks are clearly allocated.
<b>F2: Managing performance</b>	Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review.
	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the council's financial, social and environmental position and outlook.
	Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the council's performance and that of any organisation for which it is responsible. (Or, for a committee system - Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making).
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
	Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements).
<b>F3: Robust internal control</b>	Aligning the risk management strategy and policies on internal control with achieving objectives.
	Evaluating and monitoring risk management and internal control on a regular basis.
	Ensuring effective counter fraud and anti-corruption arrangements are

	in place.
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
	Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body; <ul style="list-style-type: none"> <li>• provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and</li> <li>• that its recommendations are listened to and acted upon.</li> </ul>
<b>F4: Managing data</b>	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.
<b>F5: Strong public financial management</b>	Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.



**Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

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 council plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

<b>Sub principles:</b>	<b>South Lanarkshire Council is committed to:-</b>
<b>G1: Implementing good practice in transparency</b>	Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
<b>G2: Implementing good practices in reporting</b>	Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.
	Ensuring members and senior management own the results reported.
	Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).
	Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.
<b>G3: Assurance and effective accountability</b>	Ensuring that recommendations for corrective action made by external audit are acted upon.
	Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.
	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.



**Section 2**  
**Policies, Procedures and other documentary evidence**

Evidence that the council complies with the requirements of the framework (see Section 1) (Link provided where available)	Core Principles						
	A	B	C	D	E	F	G
<a href="#">Annual Accounts</a>							●
<a href="#">Annual Performance Report</a>		●	●				●
Annual Resource budget strategy meeting				●			
Anti-fraud and corruption strategy - <a href="#">Fraud response plan</a>	●					●	
<a href="#">Asset Management Plan</a>					●		
<a href="#">Audit Scotland monitoring and reporting process</a>					●		●
Behaviours Framework/Performance Appraisal	●				●		
<a href="#">Budget consultations</a>		●	●	●			
Business Continuity Plans				●		●	
CEO/Political leaders meetings					●		
<a href="#">Citizens' Panel</a>		●		●	●		
<a href="#">Codes of Conduct</a> (Link to Councillors Code)	●				●		
<a href="#">Committee Management Procedural Documents</a>	●	●					
<a href="#">Committees</a>	●	●	●	●		●	●
Communication plans and strategies		●		●			
Community Engagement Co-ordination (Partnership) Group		●					
<a href="#">Community Engagement Framework</a>		●			●		
<a href="#">Community Planning Partnership</a>		●	●	●	●		●
<a href="#">Complaints Handling; You said, we did</a>	●	●		●	●		
<a href="#">Consultation Database</a>		●		●			

Evidence that the council complies with the requirements of the framework (see Section 1) (Link provided where available)	Core Principles						
	A	B	C	D	E	F	G
Corporate Management Team (CMT)						●	●
<a href="#">Council Plan – Connect</a>	●	●	●	●	●		
<a href="#">Council Website</a>	●	●					●
<a href="#">Empower Self-Assessment process</a>					●		
<a href="#">Equality Impact Assessments/Equal Opportunities Policy</a>	●	●	●	●	●		
<a href="#">Financial management</a>			●	●		●	
Financial standards and guidance						●	
<a href="#">Freedom of Information Act Publication Scheme</a>		●					
<a href="#">Governance Arrangements</a> - Annual Review					●		●
Induction process/programme	●				●		
Information Governance						●	
<a href="#">Internal Audit Plan</a>	●			●		●	
Investors in People report					●		
Learning and Development Programmes	●				●	●	●
Local Code of Corporate Governance	●						●
<a href="#">Local Government Benchmarking Framework</a>					●	●	●
Media protocols		●					
Members Role profiles					●		
Monitoring officer provisions	●						
Multi-member ward protocol					●		
Officer job description/specifications	●				●		

Evidence that the council complies with the requirements of the framework (see Section 1) (Link provided where available)	Core Principles						
	A	B	C	D	E	F	G
Participatory Budgeting Events			●				
Partnerships: <a href="#">Glasgow Region City Deal</a> /Clyde Valley		●			●		●
<a href="#">Performance Management</a>			●	●	●	●	●
Personnel strategies, policies and procedures	●				●		
<a href="#">Procurement</a>	●		●	●			
<a href="#">Public Performance Reports</a>		●			●		●
Records Management Policy; <a href="#">Privacy Impact Assessment</a>						●	
Register of gifts and hospitality	●						
Resource Contingency Plans						●	
<a href="#">Resource Plans</a>			●	●		●	
<a href="#">Risk Management</a>			●	●		●	●
<a href="#">Scheme of Delegation</a>	●				●		
<a href="#">Scrutiny Forums</a>	●					●	
Service Review Framework				●	●		
Standards and Procedures Advisory Forum	●				●		
<a href="#">Standing Orders on Procedures/Standing Orders on Contracts/Financial Regulations</a>	●				●	●	
Statutory guidance	●						
<a href="#">Strategic Environmental Assessments</a>			●				
Strategies and Policies	●		●	●			
<a href="#">Terms of Reference</a>	●				●	●	
<a href="#">Whistle blowing policies</a> (link to Third Parties)	●					●	

Evidence that the council complies with the requirements of the framework (see Section 1) (Link provided where available)	Core Principles						
	A	B	C	D	E	F	G
<a href="#">Workforce planning</a>					●		
Writing style guide							●

## Annual Governance Statement Template

 Links to documents will be added

 Variable text

### 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 have 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 has been approved and adopted. This is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) framework entitled 'Delivering Good Governance in Local Government'.

This statement explains how South Lanarkshire Council has complied with the code during 20xx-xx and meets legislative requirements to include the Annual Governance Statement within the Annual Accounts.

### 2. The purpose of the 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 20xx and up to the date of approval of the Annual Report and Accounts.

### 3. The governance framework

#### Visions and Aims for the Community

The council's vision is 'to improve the quality of life of everyone in South Lanarkshire'. The [Council Plan, Connect 2017-2022](#) sets out the council's vision, values and objectives and what difference this will make to the residents and communities of South Lanarkshire. The [Community Plan 2017-22](#) sets out a common vision for the South Lanarkshire Community Planning Partnership and shows how the partners aim to achieve that vision.

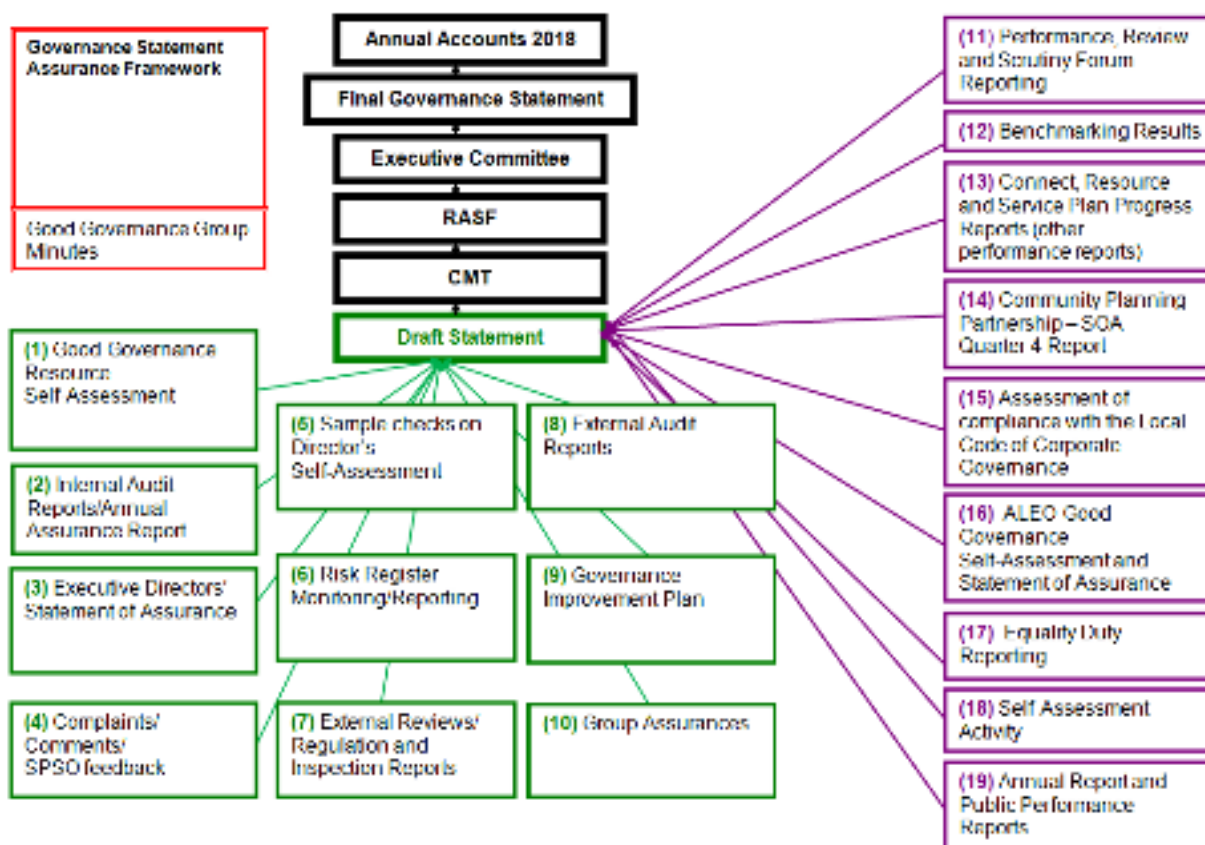
The following table sets out how the council has complied with its [Local Code of Corporate Governance](#). Key elements of the systems and processes that comprise the council's governance arrangements are described below. These systems and

processes are fit for purpose and provide assurance that the council is discharging its obligations to residents.

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

#### 4. Review of effectiveness

The council has responsibility for conducting an annual review of the effectiveness of its governance framework including the system of internal control. The following diagram outlines the steps that the council takes when undertaking an annual review of the effectiveness of its governance arrangements.



## 5. 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 **xxxx**. It is the Executive Director of Finance and Corporate Resources' opinion that reasonable assurance can be placed upon its effectiveness.

## 6. Assurance

The opinion of the council's Internal Audit Service is that a **xxxx** level of assurance can be placed on the council's financial control environment and a **xxxx** level of assurance can be placed on the council's operations control environment.

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

The Executive Director of Finance and Corporate Resources is a member of the council's Corporate Management Team and as such, is involved in all major decisions taken by the council's Chief Officers, and in material matters which are submitted to elected members for decision. This involvement fulfils the expectation of the Chartered

Institute of Public Finance and Accountancy (CIPFA) in terms of the role of the Chief Financial Officer.

It is the council's view that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operate in South Lanarkshire Council and its group during 20xx-xx and that there are no significant weaknesses.

## **7. Governance Areas for Improvement**

Progress against the areas identified as requiring action and improvement in the previous year are available to view on the council's website; see the **Good Governance Action Plan**.

The following areas for improvement have been identified through the annual governance review:-

**[Governance improvement actions to be added]**

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and that the council complies with the Local Code of Corporate Governance.

During 20xx-xx, steps will be taken to address the governance improvement areas 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:**