

# Report

Report to:	<b>Risk and Audit Scrutiny Committee</b>
Date of Meeting:	<b>7 March 2023</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Good Governance Update</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide an update on the Council's governance arrangements

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendations:-

- (1) that the findings from the annual compliance check against the Local Code of Corporate Governance be noted;
- (2) that the updated Local Code of Corporate Governance be approved; and
- (3) that progress against the significant governance areas identified within the Annual Governance Statement 2021/2022 be 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 governance framework came into effect, Delivering Good Governance in Local Government and the guidance for Scottish Local Authorities was published in December 2016. This framework was established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

3.3. 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 (referred to as 'the framework' from here on) and should, therefore, develop and maintain a Local Code of Governance and governance arrangements reflecting these principles. A Local Code of Corporate Governance was developed and approved by the Council on 16 May 2018 and this is reviewed, updated and re-published annually. Compliance with the Code is also reviewed as part of the annual review of governance arrangements.

3.4. On 19 June 2019, the Risk and Audit Scrutiny Committee approved a revised reporting process which is as follows:-

- ♦ **Governance Statement - Significant Governance Areas**

These are areas that have a significant impact on the Council's governance arrangements. A position statement giving progress against these areas will be

provided with the report on the review of the Local Code of Corporate Governance at the end of Quarter 2; and at Quarter 4 with the Governance Statement to the Risk and Audit Scrutiny Committee.

- ◆ **Director's Statement of Assurance - Resource Level Areas for Improvement**  
These are actions approved by each Director in their Statement of Assurance. Progress will be monitored by Resources and reported through the Resource/Service Planning process at Quarter 2 and Quarter 4.

3.5. The purpose of this report is to advise the Committee of the findings from the annual compliance check against the Local Code of Corporate Governance; the outcome of the review of the Code and the updated document; and an update on progress against the significant governance areas highlighted in the 2021/2022 Annual Governance Statement.

#### **4. Findings from the Annual Compliance Check against the Code**

4.1. The Council annually reviews the effectiveness of its governance arrangements. There are a few key sources of assurance that inform this review; however, the main purpose of the Annual Governance Statement is to explain how the Council has complied with the principles in its Code and provide assurance as to how these are met.

4.2. The principles in the Code underpin the process for the annual review of governance arrangements and there is a strong golden thread running through the key documents in this process: The Resource/Corporate Self-Assessments; the Director's Statements of Assurance; and the Governance Statement.

4.3. The table at Appendix 1 has been extracted from the 2021/2022 Annual Governance Statement and shows the significant elements of the systems and processes that comprise the Council's governance arrangements and important changes/developments. This section of the statement shows how the Council has complied with its Code.

#### **5. Annual Review of the Code**

5.1. As part of the evaluation of the annual review of governance arrangements, an annual review of the Code is carried out. The Code is updated with any changes to the approach the Council uses to review its governance arrangements and it is compared with the corporate annual self-assessment and updated as required.

5.2. The revised Code is attached at Appendix 2 and has been amended as follows:-

- ◆ The introduction sets out the purpose and key elements of the code. Updates have been made to sections 4 and 5 to provide additional information on how the Code fits in with the annual review of governance arrangements.
- ◆ Section 1 outlines the actions and behaviours that demonstrate good governance as set out in the National Framework. Changes here relate to the alignment of the principles contained in the Code with the Council's values from the new Council Plan.
- ◆ Section 2 provides links to the policies, procedures and other documentary evidence that demonstrate the Council's governance arrangements. This section has been updated with changes identified through the 2022/2023 corporate governance self-assessment.

## **6. Significant Governance Areas**

- 6.1. Progress on the significant governance areas highlighted within the Annual Governance Statement 2021/2022 is attached at Appendix 3.

## **7. Communication of the Code**

- 7.1. The Good Governance Learn on Line course was reviewed in late 2019 and republished in March 2020.
- 7.2. The revised Code is published annually alongside other key governance documents on the [governance information pages](#) on the Council's website.

## **8. Employee Implications**

- 8.1. Officers will continue to attend the Good Governance Group and will commit time to review and monitor governance and assurance arrangements.
- 8.2. The Employee Code of Conduct was updated to reflect the new Local Code of Corporate Governance and issued to managers and employees during March 2022.

## **9. Financial Implications**

- 9.1. There are no financial implications directly associated with this report.

## **10. Climate Change, Sustainability and Environmental Implications**

- 11.1. There are no implications for climate change, sustainability or the environment in terms of the information contained within this report.

## **11. Other Implications**

- 11.1. There are no significant risk issues associated with this report.

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

- 12.1. All Resources, through senior officers, are involved in the progress, monitoring and review of governance good arrangements and the development of the Annual Governance Statement and Improvement Plan.
- 12.2. 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)**

17 February 2023

## **Link(s) to Council Values/Priorities/Outcomes**

- ◆ All Council values/priorities/outcomes

## **Previous Reference**

- ◆ Report on the "Good Governance Statement 2021/2022 and Q4 Progress" on 22 June 2022

## **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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