SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**26 January 2022**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Good Governance Update**

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 2020/2021 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 2020/2021 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 2020/2021 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.
♦ 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 2020/2021 corporate governance self-assessment.

6. Significant Governance Areas

6.1. Progress on the significant governance areas highlighted within the Annual Governance Statement 2020/2021 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 2019.

9. Financial Implications

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

10. Climate Change, Sustainability and Environmental Implications

10.1. 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)

11 January 2022

Link(s) to Council Objectives/Values
♦ All Council Objectives and Values

Previous References
♦ Report on the "Good Governance Statement 2020/2021 and Q4 Progress" on 22 June 2021

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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Local Code of Corporate Governance – 2020/2021 Compliance Summary

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
Links to council's values: • Accountable, effective, efficient and transparent; Working with and respecting others
How we do this:
- The council's values and objectives provide clear direction to councillors and employees and are embedded in all policies and processes.   - Standards of conduct and integrity were promoted through the national Code of Conduct for Councillors and by the Standards and Procedures Advisory Forum. This is supplemented by role profiles which have a core accountability to maintain the highest standards of conduct.   - The Standards Commission for Scotland issued one decision notice, finding that a councillor had acted in breach of the Councillors Code of Conduct. This was reported to council in compliance with Section 18 Ethical Standards in Public Life, etc. (Scotland) Act 2000.   - The employee Code of Conduct outlines standards of conduct and integrity. All breaches including reported cases of suspected unethical behaviour and non-compliance with the law/policy were investigated through the employee disciplinary process and the recommended actions taken.   - Professional Codes of Conduct ensured that ethical standards were maintained and all breaches were investigated by the governing body.   - To support integrity in decision making, the council has a number of Committee procedural documents including decision making protocols known as the Scheme of Delegation, terms of reference documents, standing orders on procedures and contracts and financial regulations. Extended powers were granted to the Chief Executive under the Scheme of Delegation to allow him to take decisions in consultation with political group leaders on matters which would normally be subject to Committee approval during the period when formal Committee meetings, etc. were suspended in 2020 as a result of public health restrictions.   - To ensure openness and transparency agendas and Committee reports continued to be published to the council website at least five working days ahead of the scheduled meeting dates and minutes of decisions taken by the Chief Executive during this period were publicised on the Council website on the day the meetings were scheduled to take place. Committee meetings resumed remotely via Microsoft Teams in June 2020 and the local democracy reporter was invited to attend remotely. Blended meetings with participation in person and via Microsoft Teams resumed briefly in August 2020 however as a result of the reintroduction of public health restrictions Committee meetings reverted to being held by Microsoft Teams.   - To ensure openness and transparency in decision making processes, all declarations of interest made by councillors at meetings were recorded and made available online.   - 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. These continue to be updated to reflect best practice and support a culture of ethical behaviour amongst employees and councillors.   - Health and Safety compliance during 2019/2020 and 2020/2021 was assessed as being within the top rating band of "good".   - Legal Services maintained an overview of pandemic legislation and regulations and worked with services to ensure compliance.

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:

- To ensure transparency and openness in decision making processes during the Pandemic, agendas, reports and decisions were published on the council's website and printed copies were available for public inspection for all Committee and Forum meetings (except the Standards and Procedures Advisory Forum). From January 2021, arrangements were put in place for subtitled recordings of all meetings to be posted on the council's YouTube channel. From April 2021 all Committee meetings were live streamed to the council's YouTube channel http://bit.ly/SL_Committees. From August 2021 all Forum meetings have been live streamed.
- The Committee Management Information System allows members of the public to register and be notified when Committee and forum papers are published. The system also facilitates the creation of online petitions to increase the potential reach of signatories.
- The work of the council and key information from our partners is communicated regularly using a range of communication channels. The South Lanarkshire View pages on the council website provide a dedicated source of local information and news for communities. A variety of social media channels are used to communicate updates and share information.
- A suite of dedicated pandemic pages providing advice, help and public health information were created and maintained on the council website.
- A 'Let's Talk South Lanarkshire' campaign has been established and was used to engage local people in an initial discussion about their experiences of the pandemic and will continue to be used for ongoing dialogue with communities on both the Council and community planning priorities.
- The council's Community Engagement Team continue their work to increase stakeholder engagement and involvement in decision making processes through the continued development of new Community Planning Partnership Neighbourhood Plans which are aimed at improving outcomes and reducing inequalities.
- The Community Planning Partnership published its first Community Participation and Engagement Strategy 2020 to 2025 which is also available online in BSL and the council has produced an online course for employees to complement this.
- A partnership Participation and Engagement Group has been established to ensure that there is a consistent and co-ordinated approach to engaging with communities.
- The council carried circa 200 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, unpaid carers, black and ethnic minorities, etc. Groups considered items such as the budget consultation, rent setting and performance reporting.
- The Participation Requests and Community Asset Transfer processes support communities to engage with the Council to improve local outcomes.
- The Council's performance Spotlights set out what the council has achieved and the 18 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.
- The council's Digital Inclusion Strategy 2020 to 2023 sets out the actions that the council will take to assist those people who are unable to get online to access services digitally. The council also leads on a partnership Digital Inclusion Group.

- A comprehensive range of information on how the council operates is available on the website. The Freedom of Information Publication Scheme ensures that key information about how the council works is accessible to the public.

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:

- The council adapted approaches in response to the Pandemic to ensure processes continued to be effective, efficient and transparent.
- The council has a Capital Strategy that has a long-term outlook on future capital investment (up to 2027/2028). 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 to 2022 and Community Plan 2017 to 2027 have clearly defined economic, social and environmental outcomes to be delivered during the period. In light of the Pandemic, priorities for both plans will be reviewed during 2021/2022.
- A new Community Wealth Building Strategy setting out the council's ambitions in relation to spending, workforce, land and property, finance and building the generative economy was approved in March 2021.
- 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 to 2022 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 and to reduce the council's contribution to global warming. The new strategy is in development and will be published in April 2022.
- The council's Climate Change and Sustainability Committee oversees the delivery of the Sustainable Development and Climate Change Strategy 2017 to 2022, the council's transition to carbon neutrality and climate resilience.
- The council's new Procurement Strategy 2020-2023 which will be complemented by an annual action plan, sets out how value for money, national and local priorities will be delivered. It also demonstrates how the council will deliver the wider social, economic and environmental aims of procurement as required by the sustainable procurement duty.
- Sustainability principles are embedded in procurement processes and in recognition of the importance of our suppliers in achieving 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 2020/2021.
- The South Lanarkshire Local Development Plan 2 was adopted by the council on 9 April 2021. The spatial strategy of the plan is to encourage sustainable economic growth and regeneration, a move towards a low carbon economy, protect the natural and historic environment and mitigate against the impacts of climate change.
- 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:

- Key services were adapted and delivery was maintained throughout the Pandemic in line with Public Health guidance and Government guidance and legislation.
- There is a standard approach to identifying savings across the council. The council's efficiency programme is overseen by the Senior Management Team. Frameworks are in place for holding discussions with key stakeholders. Savings achievements are monitored monthly and reported to the Senior Management Team quarterly.
- The Financial Strategy which is aligned with the council's objectives was updated during the year to reflect the latest internal and external influences. This plan sets out the assumptions in terms of commitments, grant funding and efficiency requirement and demonstrates sound financial management and the ability to address projected funding gaps.
- The annual budget setting consultations took place with members of the public, councillors, trade unions and employees to inform savings proposals. There were over 2,000 responses to the online consultation, more than 4 times the previous year's response rate. The annual 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.
- The council has complied with its statutory and regulatory reporting requirements during the year.
- The Public Bodies (Joint Working Act) sets out those Adult Care Services that are delegated to the Integration Joint Board (IJB) as set out in the South Lanarkshire Integration Scheme. 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.
- To improve efficiency and effectiveness, the council is the lead authority for a range of collaborative projects and services delivered through the Clyde Valley Learning and Development Group.

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:

- A Leadership Challenge Programme which is linked to succession planning has been developed and rolled out during 2021.
- Learning and Development programmes were revised and employees at all levels can now access optional accredited management qualifications.
- Training requirements were identified and online learning and development opportunities including webinars and e-briefings were developed and offered to all councillors.
- Two surveys of all council employees working from home were undertaken during 2020. On both occasions, 87% of those who responded said that they felt working from home was a positive experience. Feedback from these surveys will be used to inform future agile working arrangements.
- A range of policies and activities are in place to support the Health and Wellbeing of employees including physical and mental health and these have been regularly communicated. Online wellbeing events were held in response to the new ways of working.
- The council recognises that skilled and motivated employees are a key asset. All employees have an annual performance appraisal which links to the council values and a Personal Development Plan. The council offers a range of training interventions to support employee development.
- The council has a comprehensive and coordinated approach to workforce planning which also supports succession planning. Each Resource reviews their workforce plan and related action plan 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-wide Workforce plan 2020/2023 has been revised to consider the workforce requirements as a result of the pandemic response.
- Senior Managers have overseen the annual scrutiny of the council's assets through the review of a suite of Asset Management Plans. Service Asset Management Plans have been developed in line with CIPFA guidance and these feed into the Corporate Asset Management Plan which outlines priorities and provides an overview of how the council has performed in this area.
- The council's Scheme of Delegation, Financial Regulations, Standing Orders on Contracts and Terms of Reference 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.
- The council continues to work with a range of public sector, business and academic partners to improve outcomes for those living and working in South Lanarkshire. Strategic Partnerships include the Community Planning Partnership and the Glasgow City Region City Deal.
- In terms of the 2019/2020 Local Government Benchmarking Framework results, based on the information available at the end of January 2021, the council is performing better than the Scottish average levels for under half of the indicators. The results were analysed and an action plan developed which will be monitored by the Senior Management Team.
- The council takes a risk-based approach to self-assessment which is used to review and redesign services with a focus on fundamental change. Progress and the impact of improvement activity was reported to the Senior Management Team and the Performance and Review Scrutiny Forum.
- 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. Complaint handling procedures have been updated in line with national changes and communicated to all employees.

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:

- The council, in partnership with Trade Unions, ensured that safe systems of work were in place through a robust risk assessment process, changes to working methods and supply of personal protective equipment.
- The council has put in place comprehensive arrangements for identifying, evaluating and controlling significant risks which threaten the council's ability to meet its objectives to deliver services to the public. There is also a robust process in place for compliance monitoring of the council's Risk Management Strategy, Resource Risk Registers and Control Plans.
- The annual end of year compliance statement evidenced that all Resources were compliant with Risk Management Strategic requirements.
- The council's risk scoring matrix was revised as an outcome of the 2020/2021 annual review of risks.
- The council's Internal Audit Service which complies with Public Sector Internal Audit Standards completed a revised 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.
- In response to changes in working practices and the introduction of new systems, for example to process pandemic grants, Internal Audit has advised on key internal controls that should be maintained through the identification of alternative controls and has been involved in the development of new systems.
- Whilst the Information Governance Board did not meet from March to December 2020, assurances have been received from Executive Directors that they have followed the Information Governance operational arrangements in order to promote effective arrangements for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. Information Governance Board meetings resumed in 2021.
- Information security incidents have continued to be monitored and considered for notification to the Information Commissioner's Office. Throughout the period, the council's Data Protection Officer provided advice and assistance to Resources in relation to meeting their obligations under UK General Data Protection Regulations (GDPR).
- 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.
- The cost of the pandemic on the council's budgets has been closely monitored and regular reports have been presented to the Senior Management Team and Committee.
- External Audit of the council's accounts is robust and a "clean audit certificate" was issued for 2020/2021.
- 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.
- Trustees of the South Lanarkshire Charitable and Educational Trusts received independent legal training setting out their duties and responsibilities in ensuring 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 Senior 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.
- The council has completed a self-assessment using the principles of the CIPFA Financial Management Code and an action plan has been developed to ensure full compliance by March 2022.

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:

- 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. Governance improvement actions have also 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.
- In the 2019/2020 annual audit report, the external auditor commended the council's annual governance statement as good practice for the second year.
- All Directors completed their annual Statement of Assurance and where relevant assurances have been provided.
- The council prepares and publishes an Annual Governance Statement which is aligned with national guidance and 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 governance arrangements for the Council's at Arm's Length External Organisation (ALEO) and key external service providers has not highlighted any compliance issues.
- The annual review of the Local Code of Corporate Governance was completed and the revised Code was approved by Committee and re-published on the council's website.
- Whilst temporary decision making arrangements were put into place as a result of the pandemic restrictions on people gathering, all agendas, reports and decisions continued to be published (except those exempt under the Local Government (Scotland) Act 1973) on the council's website. Arrangements were put in place for subtitled recordings of Committee meetings which can be found on the council's YouTube page. All Committee and Forum meetings are livestreamed to the council's YouTube page http://bit.ly/SL_Committees.
- 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.
- Internal audit activity has continued to be reported to the Senior Management Team and to the Risk and Audit Scrutiny Committee.
- Internal Audit changed how their findings are presented to the Risk and Audit Scrutiny Committee to improve scrutiny.
- Outcomes from external audit and inspection activity was reported to the appropriate Committee and action plans were developed for implementation where required.

Local Code of Corporate Governance

Introduction

1. 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.

2. 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" from here on). 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.

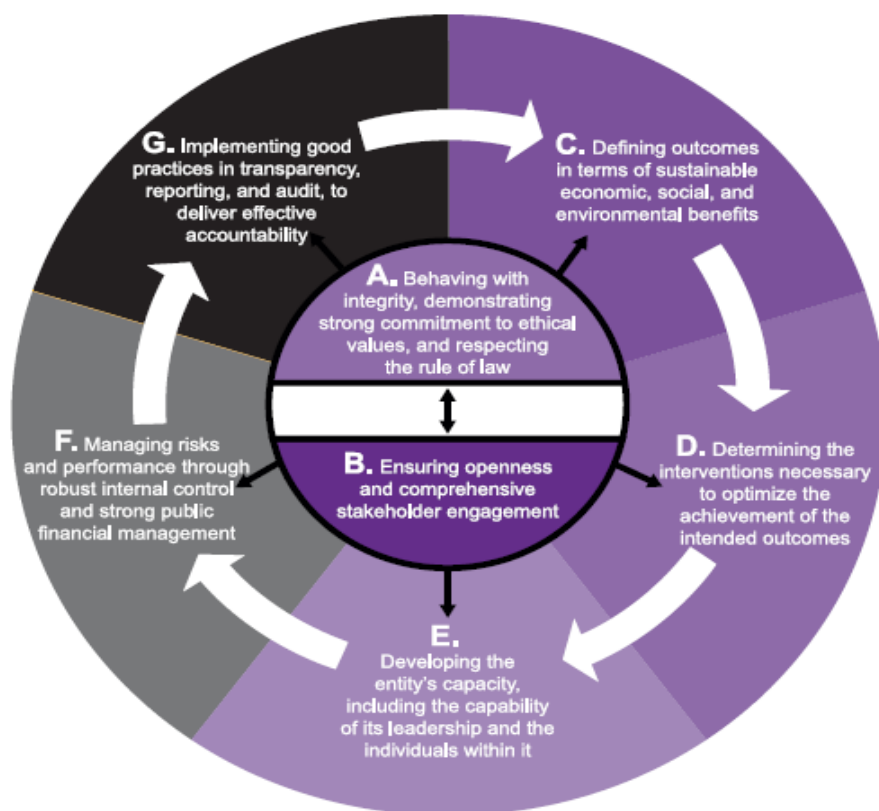**3. Good Governance in the Public Sector (The Framework)**
The Framework defines the principles that should underpin the governance of each council and provides a structure to help councils with their approach to governance. Whatever arrangements are in place, councils should test their governance structures 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 seven 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.

4. 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. For more information on how we do this see the council's Annual Governance Statement which can be found on the governance information page on the council's website.

5. Compliance with the Code
Compliance with the code will be assessed annually using the councils "Governance Assurance Framework". This will be carried out 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 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. The document sets out the following:-

- the scope of the council's responsibility;
- the purpose of the council and it's governance framework;
- how the council monitors and evaluates the effectiveness of its governance arrangements;
- key elements of the council's governance framework. This is the main part of the document which sets out how the council has complied with the principles in this code and provides assurance as to how they are met;
- provides an opinion on the effectiveness of the council's arrangements; and
- provides details of improvements that have been delivered and are required moving forward.

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.

6. 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:** 26 January 2022

Cleland Sneddon
Chief Executive

Signature: **Date:** 26 January 2022

Section 1

Actions and behaviours that demonstrate good governance in practice

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

What this means in practice:- The council 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.

Links to council's values:
Accountable, effective, efficient and transparent; Working with and respecting others

Sub principles:	South Lanarkshire Council is committed to:-
A1: Behaving with integrity	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.
A2: Demonstrating strong commitment to ethical values	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.
A3: Respecting the rule of law	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	
What this means in practice:- The council 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.	
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	
Sub principles:	**South Lanarkshire Council is committed to:-**
B1: Openness	Ensuring an open culture through demonstrating, documenting and communicating the council's commitment to openness.
	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.
	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.
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.
B2: Engaging comprehensively with institutional stakeholders	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.
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.
	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.
B3: Engaging with individual citizens and service users effectively	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.
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.
	Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.
	Taking account of the impact of decisions on future generations of tax payers and service users.

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

What this means in practice:- The long-term nature and impact of many of the council'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.

Links to council's values:
Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs

Sub principles:	South Lanarkshire Council is committed to:-
C1: Defining Outcomes	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.
C2: Sustainable economic, social and environmental benefits	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

What this means in practice:- The council 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 the council 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.

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

Sub principles:	South Lanarkshire Council is committed to:-
D1: Determining interventions	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.
D2: Planning interventions	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.
D3: Optimising achievement of intended outcomes	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	
What this means in practice:- The council 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. The council 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 is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.	
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	
Sub principles:	**South Lanarkshire Council is committed to:-**
E1: Developing the entity's capacity	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.
	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.
	Recognising the benefits of partnerships and collaborative working where added value can be achieved.
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.
E2: Developing the capability of the entity's leadership and other individuals	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.
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.
	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.
	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: • 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; • 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 • Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it (continued)	
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	
Sub principles:	**South Lanarkshire Council is committed to:-**
E2: Developing the capability of the entity's leadership and other individuals (continued)	Ensuring that there are structures in place to encourage public participation.
	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

What this means in practice:- The council 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.

Links to council's values:
Accountable, effective, efficient and transparent; Ambitious, self-aware and improving

Sub principles:	South Lanarkshire is committed to:-
F1: Managing risk	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.
F2: Managing performance	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).
F3: Robust internal control	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.

Principle F: Managing risks and performance through robust internal control and strong public financial management (continued)	
Links to council's values: Accountable, effective, efficient and transparent; Ambitious, self-aware and improving	
Sub principles:	**South Lanarkshire is committed to:-**
F3: Robust internal control (continued)	Ensuring an audit Committee or equivalent group/function, which is independent of the executive and accountable to the governing body; • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and • that its recommendations are listened to and acted upon.
F4: Managing data	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.
F5: Strong public financial management	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	
What this means in practice:- 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.	
Links to council's values:	
Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Working with and respecting others	
Sub principles:	**South Lanarkshire Council is committed to:-**
G1: Implementing good practice in transparency	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.
G2: Implementing good practices in reporting	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.
G3: Assurance and effective accountability	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
Annual Accounts							●
Annual Performance Spotlights		●	●				●
Annual Resource budget strategy meeting				●			
Fraud management plan and procedures	●					●	
Asset Management					●		
Audit Scotland monitoring and reporting process					●		●
Behaviours Framework/Performance Appraisal	●				●		
Budget Consultations and Savings Plans		●	●	●			
Business Continuity Plans/Recovery Plans				●		●	
CEO/Political leaders meetings					●		
Codes of Conduct (Link to Councillors Code)	●				●		
Committee Management Procedural Documents	●	●					
Communication plans and strategies		●		●			
Community Engagement and Participation Strategy Community Engagement Partnership Group Community Engagement Team Participation Requests Community Asset Transfer		●			●		
Community Planning Partnership Plans Community Plan Annual Report		●	●	●	●		●
Complaints Handling; You said, we did	●	●		●	●		
Consultation Database		●		●			
Corporate Management Team, Committees and Forums	●	●	●	●	●	●	●
Council Plan – Connect	●	●	●	●	●		
Digital Communications	●	●		●			●
Empower Self-Assessment process					●		
Equality Impact Assessments/Equal Opportunities Policy	●	●	●	●	●		
Financial Management			●	●		●	●
Financial Regulations	●				●	●	

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
Freedom of Information Act Publication Scheme (How the council works)		●					
Governance Arrangements / Register of Partnerships		●			●		●
Induction process/programme	●				●		
Information Governance / Data Protection / Privacy Impact Assessment	●	●				●	
Internal Audit Plan	●			●		●	●
Investors in People Award	●				●		
Learning and Development Programmes	●				●		●
Local Code of Corporate Governance	●						●
Local Government Benchmarking Framework				●	●	●	●
Media and Public Relations		●					
Members Role profiles					●		
Monitoring Officer provisions	●						
Multi-member ward protocol					●		
Neighbourhood Planning		●	●	●	●		
Officer job description/specifications	●						
Participatory Budgeting			●				
Partnerships: Glasgow Region City Deal/Clyde Valley		●			●		●
People's Panel		●		●	●		
Performance Management				●	●	●	
Personnel strategies, policies and procedures	●				●		
Procurement	●		●	●		●	
Public Performance Reports		●			●		●
Records Management Policy						●	
Register of gifts and hospitality/Register of Interests	●						
Resource Contingency Plans						●	
Resource Plans / Health and Social Care Strategic Commissioning Plan			●	●		●	

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**
Risk and Audit Scrutiny Committee						●	
Risk Management			●	●		●	●
Scheme of Delegation	●				●		
Scrutiny Forums	●					●	
Service Review Framework				●	●		
Standards and Procedures Advisory Forum	●				●		
Standing Orders on Procedures / Standing Orders on Contracts	●			●	●	●	
Statutory guidance	●						
Strategic Environmental Assessments			●				
Strategies and Policies	●		●				
Terms of Reference, the council, Committees and associated forums	●				●	●	
Whistle blowing policies (link to Third Parties)	●					●	
Workforce planning					●		