

## **Annual Governance Statement 2020/21**

### **Introduction**

The Annual Governance Statement explains how the Council has complied with the terms of the CIPFA/SOLACE Framework (2016) for the year ended 31 March 2021, sets out the Council's governance arrangements and systems of internal control, and reports on their effectiveness. The statement also covers relevant governance matters as they affect those entities included as part of the Council's Group Accounts.

### **Scope of Responsibility**

Scottish Borders Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement and performance, while maintaining an appropriate balance between quality and cost; and in making these arrangements and securing that balance, to have regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, elected members and senior officers are responsible for putting in place proper arrangements for the governance of Scottish Borders Council's affairs and facilitating the exercise of its functions in a timely, inclusive, open, honest and accountable manner. This includes setting the strategic direction, vision, culture and values of the Council, effective operation of corporate systems, processes and internal controls, engaging with and, where appropriate, lead communities, monitoring whether strategic objectives have been achieved and services delivered cost effectively, and ensuring that appropriate arrangements are in place for the management of risk.

The system can only provide reasonable and not absolute assurance of effectiveness.

### **Framework for Good Governance**

The overall aim of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (Spring 2016) is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The CIPFA/SOLACE Framework defines the seven core principles of good governance, namely:

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

The Council's Local Code of Corporate Governance, which is consistent with the principles and recommendations of the CIPFA/SOLACE Framework and the supporting guidance notes for Scottish authorities (November 2016), was approved by Council on 28 June 2018.

## **The Governance Framework**

The key elements of the Council's governance arrangements, as set out in the Council's Local Code of Corporate Governance, include:

### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law**

The roles and responsibilities of elected members and officers and the processes to govern the conduct of the Council's business are defined in procedural standing orders, scheme of administration, scheme of delegation, and financial regulations which are regularly reviewed and revised where appropriate.

Codes of conduct are in place for, and define the high ethical values and standards of behaviour expected from, elected members and officers to make sure that public business is conducted with fairness and integrity.

The Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

The Council seeks feedback from the public through its complaints and comments procedures for Corporate and Social Work (statutory) service areas, responds to the outcomes, as appropriate, and reports the results annually.

Professional advice on the discharge of statutory social work duties is provided to the Council by the Chief Social Work and Public Protection Officer (CSWO). The CSWO promotes values and standards of professional practice and acts as the 'agency decision maker' taking final decisions on a range of social work matters including adoption, secure accommodation, guardianship, etc.

### **B. Ensuring openness and comprehensive stakeholder engagement**

Council meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality. When meetings are held remotely they are live-streamed to ensure public access.

Unless confidential, decisions made by Council, the Executive Committee or other Committees are documented in the public domain. All decisions are explicit about the criteria, rationale and considerations used. The impact and consequences of all decisions are clearly set out.

The Council seeks community views on a wide range of issues and undertakes regular consultation and engagement with citizens and service users, for example via Citizen Space. The Scottish Borders CPP Community Engagement Framework (2015) sets out principles for engagement and the Toolkit shares best practice methods.

### **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The Community Planning Partnership, of which the Council is a partner, has a Community Plan approved in May 2018 (the Local Outcomes Improvement Plan (LOIP)) supplemented by 5 Locality Plans which were developed through Area Partnerships in 2019. The Council's vision, strategic objectives and priorities underpinned by the Strategic Assessment are reflected in the Corporate Plan 2018-2023 which suggests where individuals, families, businesses, partners and communities can "play their part" to improve outcomes for the Scottish Borders #YourPart.

Asset management planning (which continues to be developed) and capital investment is structured to consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. The Council has put arrangements in place to comply with key elements of the Community Empowerment Act.

Integrated impact assessments as well as environmental, sustainability and rural implications are considered during the decision making process to promote fair access to services.

### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

Decision makers receive detailed information indicating how intended outcomes would be achieved together with the implications associated with the proposals covering financial, risks and mitigations, integrated impact assessment, acting sustainably, carbon management, rural proofing, and changes to schemes, by way of the compulsory sections of the Committee report.

In determining how services and other courses of action should be planned and delivered the Council is increasingly engaging with internal and external stakeholders. Community benefit is an important consideration in the procurement of goods and services.

The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private, and voluntary organisations in delivering services that meet the needs of the local community as stated in the Council's Corporate Plan.

## **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The corporate management structure consists of the Chief Executive and nine Executive/Service Directors. The roles of officers are defined in agreed job profiles. Staff performance is reviewed on an annual basis in accordance with the new appraisal process that was launched during the year.

The Chief Executive is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information/support to inform decision-making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.

The Elected Members Induction Programme is periodically supplemented by additional training and an annual programme of learning and development and briefings. Members appointed to certain committees have also received specific training related to the responsibilities on these committees e.g. licensing, planning, audit, pensions, employment.

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

The Council which has overall responsibility for directing and controlling the organisation has approved an Executive / Scrutiny model of decision making. The Executive Committee is the key decision-making and monitoring committee and the Audit and Scrutiny Committee (Scrutiny function) for reviewing policy decisions.

The Council has a risk management policy and approach whose main priorities are the robust systems of identification, evaluation and control of risks which threaten the Council's ability to meet its objectives to deliver services to the public.

The Executive Director Finance & Regulatory (the Section 95 officer) is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters.

The Council's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability.

The Council has a proactive, holistic approach to tackling fraud, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively.

A Medium Term Financial Strategy, and associated Risk Register, and plans for revenue (5-year) and capital (10-year) based on corporate priorities are developed, led by the Corporate Management Team, and presented for approval by Council prior to the end of March each year.

Revenue and Capital Budget Monitoring reports are presented to the Executive Committee on a quarterly basis for monitoring and control purposes including the annual outturn. The Management Commentary in the Statement of Accounts provides financial and other performance information regarding the operation of the Council, its wider achievements and areas for development.

## **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The independent and objective audit opinion of the Chief Officer Audit & Risk (Chief Audit Executive) is stated within the Internal Audit Annual Assurance Report. This is based on work carried out by an in-house team in conformance with the Public Sector Internal Audit Standards to fulfil statutory Internal Audit provision.

The Council responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies including associated Action Plans for improvement. The Audit and Scrutiny Committee (Audit function) is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.

Quarterly Performance Reports are presented to the Executive Committee for monitoring and control of the achievement of strategic priorities and key performance indicators.

The Annual Accounts and Report sets out the financial position in accordance with relevant accounting regulations.

## **Review of Adequacy and Effectiveness of the Council's Governance Framework**

The Covid-19 pandemic clearly had an impact on business as usual in the delivery of services during the response and recovery phases in 2020/21, and this continues. The logistics of delivering services in a radically different way, in order to keep staff, elected members and service users safe, and adhere to social distancing and self-isolation measures at the same time, meant significant changes in when and where services were provided, deployment of a large number of staff to undertake alternative duties for a period of time, rapidly modernised IT support, and significant partnership working across the community. This was achieved using amended governance arrangements, new ways of decision-making (Council-approved additions to Standing Orders), leadership and implementation including virtual meetings, systems remote access, and regular staff briefings.

An annual review of the adequacy and effectiveness of the Council's overall governance framework has been carried out, taking into account the above context. The output is this Annual Governance Statement which is presented to the Audit and Scrutiny Committee.

The review was informed by assurances from the: Governance Self-Assessment Working Group; Executive/Service Directors; Internal Audit annual opinion and recommendations; comments and recommendations made by External Auditors and other external scrutiny bodies and inspection agencies; and findings and recommendations within the Accounts Commission's Best Value Assurance Report for Scottish Borders Council (published October 2019).

The conclusion from the review activity outlined above is that in 2020/21 the Council continued to demonstrate improvements to its governance arrangements by way of progressing the implementation of actions associated with the 10 improvement areas of governance within the previous year's annual governance statement. It is acknowledged that the impact of the Council's response to the Covid-19 pandemic has provided the opportunity to progress many developments and in some instances accelerate their implementation; however, it has also brought an increased demand on staff and progress on some improvement actions has been delayed.

Progress updates on the implementation of the Best Value Audit Implementation Plan that underpins the seven recommendations (nos. 1-7) have been presented to the Audit and Scrutiny Committee on 28 September 2020 and 15 February 2021. Good progress overall has been made on implementing the 40 specific actions, which make up the Best Value Audit Implementation Plan, with 30% of them completed. In respect of the other three improvement areas of governance (nos. 8-10), there have been developments during the year. Specifically, the refresh of the remit and make-up of the Board that governs the implementation of the Fit for 2024 transformation programme, the strategic policy research and planning to influence the review of the Performance Management Framework, and review and updates of some service and corporate policies, procedures and guidelines. These improvement areas of governance are not fully implemented and therefore continue to be noted in the section below, with enhancements added relating to nos. 8-10.

### **Improvement Areas of Governance**

The collective review activity outlined above has identified the following areas where further improvement in governance arrangements can be made. It has been noted that some of the specific underpinning actions might need to be reset and ways to achieve the outcomes may need to change.

The remainder of the actions in the Best Value Audit Implementation Plan to address the recommendations (1-7 below) in order to demonstrate Best Value:

- 1) Embed a culture of Continuous improvement by implementing a corporate approach to self-evaluation and benchmarking.
- 2) Seek to improve partnership working with NHS Borders in order to support the strategic objectives of the Integration Joint Board.
- 3) Improve how the Community Planning Partnership involves communities and the third sector, through greater involvement in local decision-making and by accelerating implementation of the Community Empowerment Act.
- 4) Establish a structured programme of ongoing staff consultation and engagement.
- 5) Update its people plan for 2017-21 and ensure longer-term workforce plans are reflected in service and financial plans.
- 6) Support members' Continuing Professional Development by tailoring training to meet their individual needs and use technology to make training more accessible.
- 7) Ensure performance reports to members and the public are more comprehensive, balanced and that they cover service performance and the delivery of the Fit for 2024 programme.

Progress updates on the implementation of the remainder of the actions in the Best Value Audit Implementation Plan will continue to be presented to the Audit and Scrutiny Committee.

In addition, further enhancements to the other improvement actions (8-10 below) that are not specifically covered by the above in order to enhance governance and internal controls:

- 8) Focus the Fit for 2024 programme to ensure the Council builds on all transformational benefits that the pandemic has presented including digital advancements.
- 9) Produce detailed Service Plans to complete the links from the Corporate Plan to the individuals' appraisals and refresh the Performance Management Framework to include oversight by Directorates to ensure performance monitoring and reporting is accurate, robust and timely.
- 10) Full development of the Policy Register to enable oversight and monitoring of the ongoing review of policies, procedures and guidelines to ensure they are fit for purpose and meet current legislation.

These actions to enhance the governance arrangements in 2021/22 will be driven and monitored by the Corporate Management Team on a regular basis in order to inform the next annual review. Internal Audit work planned in 2021/22 is designed to test compliance and improvements.

### **Conclusion and Opinion on Assurance**

The conclusion from the review activity outlined above and our opinion is that reasonable assurance can be placed upon the adequacy and effectiveness of Scottish Borders Council's systems of internal control and governance. Although areas for further improvement have been identified, the annual review demonstrates sufficient evidence that the Council's Local Code of Corporate Governance is operating effectively and that the Council complies with that Local Code in all significant respects. Systems are in place to regularly review and improve governance and systems of internal control.

Netta Meadows  
Chief Executive  
mm 2021

Councillor Shona Haslam  
Leader of the Council  
mm 2021