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## **LOCAL CODE OF CORPORATE GOVERNANCE**

**Report by Chief Executive**

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### **AUDIT COMMITTEE**

**13 March 2023**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report proposes that the Audit Committee considers the revisions to the Council's Local Code of Corporate Governance and recommends it for approval by full Council.**
- 1.2 This report provides the Audit Committee with the opportunity to scrutinise the updated Local Code of Corporate Governance for Scottish Borders Council and recommend it for Council approval, to assist with the 2022/23 annual assurance process.
- 1.3 Scottish Borders Council (SBC) 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, and used economically, efficiently and effectively.
- 1.4 The SBC Local Code of Corporate Governance, which is consistent with the principles and recommendations of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' and the supporting guidance notes for Scottish authorities (2016), was previously revised and approved by Council on 28 June 2018.
- 1.5 The SBC Local Code of Corporate Governance has been updated by the officer Governance Self-Assessment Working Group, on behalf of the Council Management Team (CMT). The updated SBC Local Code of Corporate Governance (Appendix 1) will require approval by Council to ensure this key document continues to be relevant and complete to reflect the appropriate framework for effective governance of the Council's affairs and facilitate the exercise of its functions to deliver best value.

#### **2 RECOMMENDATIONS**

- 2.1 I recommend that the Committee:**
  - a) Notes the changes outlined in this report;**
  - b) Recommends to Council for approval of the updated Local Code of Corporate Governance (Appendix 1); and**
  - c) Notes that the updated Local Code will be used for the 2022/23 annual assurance process.**

### **3 BACKGROUND**

- 3.1 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, and used economically, efficiently and effectively.
- 3.2 The Council's Local Code of Corporate Governance, which is consistent with the principles and recommendations of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' and the supporting guidance notes for Scottish authorities (2016), was previously revised and approved by Council on 28 June 2018, on recommendation by the Audit Committee.
- 3.3 Fundamentally, Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values by which the authority is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
- 3.4 The CIPFA/SOLACE Framework urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code, and prepare a governance statement and report compliance on an annual basis.
- 3.5 Part of the Audit Committee's remit is to assess the effectiveness of internal controls, risk management, and governance arrangements in place.

### **4 REVISIONS TO THE LOCAL CODE OF CORPORATE GOVERNANCE**

- 4.1 The officer Governance Self-Assessment Working Group during the 2021/22 Review of Framework concluded that revisions are required to the Local Code of Corporate Governance to ensure it reflects the changing context of Scottish Borders Council and continues to be a value-added tool for members and officers of the Council in the conduct of the Council's affairs.
- 4.2 The annual review 2021/22 conclusion was stated within the draft Annual Governance Statement 2021/22 that was presented to the Audit Committee on 27 June 2022.
- 4.3 The 7 core principles of good governance set out in the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) are:
  - 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
  - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- 4.4 The officer Governance Self-Assessment Working Group, on behalf of the Council Management Team (CMT), engaged in the review and update of the SBC Local Code of Corporate Governance during the latter half of 2022, and considered one Local Code principle at a time.
- 4.5 The main changes to the Local Code cover:
- Comprehensive evidence against each of the seven principles of good governance and sub-principles;
  - Reflecting the post-local elections new arrangements e.g. Administration and its priorities, committee structures and functions;
  - Updates to strategies, plans and processes which reflect the current operating environment;
  - Further developments in community and citizen consultation and engagement activities;
  - Enhancements to developing the capacity and capability; and
  - Enhancements arising from audit and inspection findings, and other planned changes.
- 4.6 The updated Local Code of Corporate Governance for Scottish Borders Council (Appendix 1) is presented to the Audit Committee for scrutiny prior to presentation to Council for approval.
- 4.7 The updated Local Code will be used for the 2022/23 annual assurance process. This process includes the annual self-assessment, the identification of improvement actions that are designed to enhance the internal control environment, and risk management and corporate governance arrangements, and the preparation and publication of an Annual Governance Statement reporting on the review and outcomes. This process not only creates an opportunity for the Council to set out its standards for good governance but also to ensure that its governance arrangements are seen to be sound. This is important as the governance arrangements in public services are closely scrutinised. This is one example of how the Council demonstrates the core principle of good governance "G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability" included within the CIPFA/SOLACE Framework.

## **5 IMPLICATIONS**

### **5.1 Financial**

There are no direct costs attached to any of the recommendations contained in this report.

The overall aim of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016), on which Scottish Borders Council's Local Code of Corporate Governance is framed, 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.

Core principle of good governance "E. Developing the entity's capacity, including the capability of its leadership and the individuals within it" is

included within the CIPFA/SOLACE Framework. Workforce and elected member development are a key part of the good governance framework within the Council's Local Code of Corporate Governance.

This will enable the Council to fulfil its obligations to provide best value service delivery to its citizens.

## 5.2 **Risk and Mitigations**

The review and update of the Local Code of Corporate Governance will ensure that internal controls, risk management and other governance arrangements reflect the arrangements in place on an evidence-basis. This helps to ensure proper arrangements continue to be in place to meet the responsibilities set out in the CIPFA/SOLACE Framework.

Core principle of good governance "F. Managing risks and performance through robust internal control and strong public financial management" is included within the CIPFA/SOLACE Framework. Scottish Borders Council's evidence of systems, processes and documentation to demonstrate local compliance with this core principle of good governance is set out in its updated Local Code of Corporate Governance.

## 5.3 **Integrated Impact Assessment**

This is a routine good governance report for assurance purposes, required under the Local Authority Accounts (Scotland) Regulations 2014. This report does not relate to new or amended policy or strategy and as a result an integrated impact assessment is not an applicable consideration.

The application of practices to ensure obligations under the Equalities Act and compliance with the Fairer Scotland Duty is set out in Scottish Borders Council's Local Code of Corporate Governance to demonstrate compliance of core principle of good governance "A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law" which is included within the CIPFA/SOLACE Framework.

## 5.4 **Sustainable Development Goals**

The recommendations in this report will not directly impact any of the 17 UN Sustainable Development Goals.

Core principle of good governance "C. Defining outcomes in terms of sustainable economic, social, and environmental benefits" is included within the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016). The evidence of Scottish Borders Council's systems, processes and documentation to demonstrate local compliance with this core principle of good governance is set out in its Local Code of Corporate Governance.

## 5.5 **Climate Change**

This report does not relate to any proposal, plan or project and as a result the checklist on Climate Change is not an applicable consideration.

Core principle of good governance "D. Determining the interventions necessary to optimise the achievement of the intended outcomes" is included within the CIPFA/SOLACE Framework. Prevention arrangements

are a key part of the good governance framework within the Council's Local Code of Corporate Governance.

#### 5.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

Core principle of good governance "B. Ensuring openness and comprehensive stakeholder engagement" is included within the CIPFA/SOLACE Framework. Scottish Borders Council's evidence of systems, processes and documentation on how to work effectively with communities, involve local people at the outset, and consult appropriately to demonstrate local compliance with this core principle of good governance is set out in its Local Code of Corporate Governance.

#### 5.7 Data Protection Impact Statement

There are no personal data implications arising from content of this report.

#### 5.8 Changes to Scheme of Administration or Scheme of Delegation

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the content in this report.

### 6 CONSULTATION

6.1 The Council Management Team considered this report and appendix on 1 March 2023 to sign-off the updated Local Code of Corporate Governance to ensure their knowledge of its content to support their role in the annual assurance process 2022/23.

6.2 The Acting Chief Financial Officer, Interim Chief Officer Corporate Governance (and Monitoring Officer), Director People, Performance & Change, Clerk to the Council, and Communications team have been consulted on this report and any comments received have been incorporated.

**Chief Executive** **Approved by**  
**Signature** .....

#### Author(s)

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**Background Papers:** CIPFA/SOLACE framework 'Delivering Good Governance in Local Government'; Scottish Borders Council Local Code of Corporate Governance

**Previous Minute Reference:** Audit and Scrutiny Committee 27 June 2022

**Note** – You can get this document on tape, in Braille, large print and various computer formats by using the contact details below. Information on other language translations can also be given as well as provision of additional copies.

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