
Local Code of Corporate Governance

Report by Chief Executive

Scottish Borders Council

19 May 2016

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to propose that the revised Local Code of Corporate Governance of Scottish Borders Council is considered and approved.**
- 1.2 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.
- 1.3 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.
- 1.3 The development of a revised Local Code of Corporate Governance for the Council, consistent with the principles and requirements of the Framework 'Delivering Good Governance in Local Government', will help to ensure proper arrangements continue to be in place to meet its responsibilities.

2 RECOMMENDATIONS

2.1 I recommend that the Council:

- (a) Consider and approve the revisions to the Local Code of Corporate Governance of Scottish Borders Council that is attached to this report as Appendix 1**
- (b) Instruct that the Local Code of Corporate Governance be re-launched to ensure greater awareness across the Council; and**
- (c) Request that the Chief Executive, Depute Chief Executives and Service Directors consider compliance with the Code as part of their annual assurance statements on internal control and governance and implement actions to ensure full compliance to the elements of the Code.**

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 Fundamentally Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values, by which councils are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 3.3 Scottish Borders Council aims to meet the highest standards of corporate governance to help ensure that it meets its objectives. The Council operates through a governance framework for the conduct of its affairs through its Local Code of Corporate Governance (Local Code). The Local Code which was approved by Council on 23 February 2012 is based on the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' published in 2007 (Framework) and the supporting 'Guidance Note for Scottish Authorities' published in 2008.
- 3.4 The CIPFA/SOLACE Framework, which the Council fully supports, defines the six core principles of good governance, namely:
 - (a) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
 - (b) Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
 - (c) Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 - (d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 - (e) Developing the capacity and capability of members and officers to be effective.
 - (f) Engaging with local people and other stakeholders to ensure robust public accountability.
- 3.5 The Framework urges local authorities to test their structure against these principles by:
 - (a) Reviewing their existing governance arrangements against the Framework.
 - (b) Developing and maintaining an up-to-date local code of governance including arrangements for ensuring its on-going application and effectiveness.
 - (c) Preparing a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.

- 3.6 The Council undertakes an annual review of its governance arrangements. A checklist is used to carry out an annual self-assessment of compliance to the Local Code to inform the Depute Chief Executives' and Service Directors' assurance statements to the Chief Executive. The outcome of the annual review is reported to the Audit and Risk Committee within the Annual Governance Statement by the Chief Executive prior to its inclusion within the published Statement of Accounts.

4 PROPOSALS

- 4.1 Revisions are required to the Scottish Borders Council Local Code of Corporate Governance (Local Code), which is attached to this report as Appendix 1, 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 main changes to the Local Code cover:
- (a) Updating existing and formalising new joint working and partnership arrangements including the Community Planning Partnership and the Health and Social Care Integration Partnership.
 - (b) The re-introduction of the Executive / Scrutiny model of decision making.
 - (c) The establishment of monitoring and review arrangements of service performance of Alternative Service Delivery Models that have been established.
 - (d) New national standards for Corporate Complaints and Comments.
 - (e) Developments in Consultation and Engagement activities.
 - (f) New national Public Performance Reporting requirements.
 - (g) The layout of the document to ensure it is compliant and concise though not too lengthy.
- 4.3 The approval of the revised Local Code which reflects the six core principles with supporting principles, each of which in turn translates into a range of specific requirements, will ensure the Council continues to meet the requirements of the CIPFA/SOLACE Framework. The Local Code includes compliance with applicable guidance, ensuring the legality of activities and transactions, and monitoring the adequacy and effectiveness of these arrangements in practice. Good governance enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk, and delivery of best value.
- 4.4 The Framework emphasises the importance of good governance to the wider outcomes of good management, good performance, and good public engagement. It puts high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, and so set the tone for the rest of the organisation.
- 4.5 The Council will continue to undertake an annual review of its governance arrangements. The outcome of the annual review will continue to be reported internally to the Audit and Risk Committee within the Annual Governance Statement by the Chief Executive which will be published in the Statement of Accounts to ensure continuing compliance with best

practice as set out in the CIPFA/SOLACE Addendum to the 'Delivering Good Governance in Local Government' published in 2012 with an accompanying briefing note. The Annual Governance Statement provides assurance that internal control and governance arrangements are adequate and operating effectively in practice or, where reviews of the internal control and governance arrangements have revealed gaps, action is planned that will ensure effective internal control and governance in future.

- 4.6 This process not only creates an opportunity for the Council to set out its standard 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.

5 IMPLICATIONS

5.1 Financial

There are no direct financial implications arising from the proposals in this report. Arrangements to ensure that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively is an integral part of good corporate governance and therefore financial governance and key internal financial controls are embedded within the revised Local Code of Corporate Governance.

5.2 Risk and Mitigations

The review of and revisions to the Local Code of Corporate Governance will ensure that internal controls, risk management and other governance arrangements are improved through the implementation of the framework.

5.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religious/belief arising from this report.

5.4 Acting Sustainably

There are no direct economic, social or environmental issues in this report.

5.5 Carbon Management

There are no direct carbon emissions impacts as a result of this report.

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.

5.7 Changes to Scheme of Administration or Scheme of Delegation

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

6 CONSULTATION

- 6.1 The Corporate Management Team has been consulted on this report and the revised Local Code of Corporate Governance and any comments received have been taken into account.
- 6.2 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer HR and the Clerk to the Council have been consulted on this report and the revised Local Code of Corporate Governance and any comments received have been taken into account.

Approved by

Tracey Logan, Chief Executive **Signature**

Author(s)

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Background Papers: SBC Annual Governance Statement 2015/16

Previous Minute Reference: Scottish Borders Council 23 February 2012; Audit and Risk Committee 9 May 2016

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. James Collin can also give information on other language translations as well as providing additional copies.

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