

The Highland Council
Audit and Scrutiny Committee
24th November 2016

Agenda Item	6
Report No	AS/22/16

Code of Corporate Governance 2016/17

Report by Depute Chief Executive/Director Corporate Development

Summary

The report provides an update on progress with delivering the actions agreed in Local Code of Corporate Governance for 2015/16 and also presents the Code for 2016/17, which was agreed by Highland Council on 27th October, for further scrutiny.

1. Introduction

- 1.1 The Council has been required to prepare a Code of Corporate Governance on an annual basis and this requirement is based on advice from CIPFA and SOLACE on best practice on this matter.
- 1.2 The Council has also agreed that the Audit and Scrutiny Committee would receive an annual report on the local Code to ensure proper scrutiny and the successful completion of the actions. Internal Audit undertake an audit of the Council's compliance with the local Code, every three years, and this was reported to the Audit and Scrutiny Committee in June 2016.
- 1.3 CIPFA and SOLACE published a revised Guidance Note for Scottish Authorities – Delivering Good Governance in Local Government. This provided updated guidance on implementing the Framework and provides an important development to enable local authorities to review effectiveness and to identify continuing improvements in its governance arrangements.
- 1.4 The Framework and Guidance are based on six principles:
 - 1.4.1 Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area
 - 1.4.2 Members and officers working together to achieve a common purpose with clearly defined functions and roles.
 - 1.4.3 Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 - 1.4.4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - 1.4.5 Developing the capacity and capability of members and officers to be effective
 - 1.4.6 Engaging with local people and other stakeholders to ensure robust public accountability
- 1.5 This report confirms the actions delivered under the Local Code of Corporate Governance for 2015/16, any areas of slippage and those actions where further work is required within the new Code, and the Code of Corporate Governance for 2016/17, for scrutiny.

2. Code of Corporate Governance

2.1 Code of Corporate Governance 2015/16

The Code of Corporate Governance 2015/16 was agreed by Council in September 2015 and a copy can be found at:

http://www.highland.gov.uk/download/meetings/id/68847/item_18_code_of_corporate_governance_2015-16. The Code was based on the 6 Principles of Corporate Governance, from the CIPFA Guidance, and included actions to ensure compliance with the Principles.

2.2 The progress in delivering the actions set out in the Code is monitored quarterly through the Council's Performance Management System. The majority of the actions have been completed or are on target and, where appropriate, some actions will be carried forward into the revised Code. There are a small number of actions with 'some slippage' and these will also be included in the revised Code. These actions include:

2.2.1 The delivery of some budget savings;

2.2.2 The completion of Employee Development Review Plans (ERDPs) for some employees;

2.2.3 The completion of Personal Development Plans (PSPs) for some Elected Members;

2.2.4 The revision of the management and leadership programmes which now need to align with the Council Re-design;

2.3 Internal Audit is not due to do an audit of the Code this year but has undertaken a review of it in order to inform the Statement on Internal Control and for the Annual Governance Statement which were reported to the Audit & Scrutiny Committee in June 2016.

2.4 Code of Corporate Governance 2016/17

2.5 The proposed Code for 2016/17 is detailed at Appendix 1.

2.6 The Code has been amended following the Highland Council meeting on 27 October 2016, in respect of action 3.5 which has been changed from 'Complete' to 'March 2017'.

2 Resource Implications

2.1 There are no financial, legal, equalities or rural implications arising directly from this report and actions requiring to be delivered under the Code of Corporate Governance will continue to be built into Service and Operational Plans where required.

3 Recommendation

3.1 That the Committee :-

(i) notes the progress on delivering the agreed actions in the 2015/16 Code of Corporate Governance;

(ii) note that Internal Audit has reviewed the Code to inform the Statement on Internal Control and for the Annual Governance Statement;

(iii) considers the 2016/17 Code of Corporate Governance.

Designation: Depute Chief Executive/Director Corporate Development

Date: 7 November 2016

Author: Michelle Morris

Principle 1

Supporting Principle	Requirements	Action	Lead Service	Lead Officer	Target Date	
Exercising strategic leadership by developing and clearly communicating the authority's purpose, vision and is intended outcome for citizens and service users	1.1 Develop and promote the authority's purpose and vision and its intended outcome	New Council Programme 'Highland First' and performance framework agreed by the Council	CEO	Acting Head of Policy/Corporate Audit & Performance Manager	Complete	
		Service Plans reviewed and 2016-17 plans agreed by Strategic Committees*	FIN	All Directors	Complete	
	1.2 Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements	Annual Performance Report reported to Council	FIN	Corporate Audit & Performance Manager	Complete	
		Code of Corporate Governance reviewed and 2016/17 Code agreed by Council.	CDV	DCEX	Oct-16	
	1.3 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners	Local Community Planning Partnership in place and Single Outcome Agreement which details the vision and outcomes to be achieved.	CEO	Acting Head of Policy	Complete	
	1.4 Publish an annual report on a timely basis to communicate the authority's activities and achievements, it's financial position and performance	Annual Performance Report and Performance Survey reported to Council	FIN	Corporate Audit & Performance Manager	Sept-16 / Oct-16	
		Annual External Audit Report presented to Council	FIN	Director of Finance	Oct-16	
		Annual Audited Accounts presented to Council	FIN	Director of Finance	Complete	
	Ensuring that users receive a high quality of service whether directly, or in partnership, or by	1.5 Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	Annual report on Ombudsman complaints to Audit & Scrutiny Committee	CEO	Business Manager (CEO)	Sep-16
			Undertake annual Public Performance Survey and report to Council	FIN	Corporate Audit & Performance Manager	Oct-16

commissioning.		Continue to monitor service performance at Quarterly Performance Reviews and reports to Strategic Committees, including where services are delivered in partnership	FIN	All Directors	Mar-17
		Continue to monitor performance of services commissioned through High Life Highland and NHS (Adult Services) through committees	C&L / D&I	Directors C&L & D&I	Mar-17
	1.6 Put in place effective arrangements to identify and deal with failure in service delivery	Continue to monitor and improve performance under the complaints procedure and report twice yearly to Audit & Scrutiny Committee	CDV	Head Digital Transformation	Mar-17
		New Performance & Audit Team created to create better performance monitoring linked also to financial performance and to identify opportunities for service improvement and efficiency	FIN	Corporate Audit & Performance Manager	Complete
Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money	1.7 Decide how value for money (VFM) is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions	Deliver the budget reductions and savings agreed as part of the Council's budget inc. the Transformation Savings Programme*	CEO	All Directors	Mar-17
		Continue to measure Vfm through Local Performance Indicators & SPIs	FIN	All Directors	Mar-17
		Continue to include the impact on climate change and sustainability targets in reports to Committees	CEO	All Directors	Mar-17

Principle 2					
Ensuring effective leadership throughout the authority and being clear about executive and non executive functions and of the roles and responsibilities of the scrutiny function.	2.1 Set out a clear statement of the respective roles and responsibilities of Members generally and of Senior Officers	Role Descriptions for Members, Senior Member (Leader, Convener, Chairs of Strategic Committees) and Senior Officers approved by Council	CEO/CDV	Head Corporate Governance	Complete
Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard	2.2 Determine a Scheme of Delegation and reserve powers within constitution, including a formal scheme on those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required	Scheme of Delegation to Committees & Officers reviewed at least annually and approved by Council	CEO/CDV	DCEX	Oct-16
	2.3 Make the Chief Executive responsible and accountable to the authority for all aspects of operational management	Job Description and Scheme of Delegation in place	CEO/CDV	DCEX	Complete
	2.4 Develop Protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.	Job Description & Role Description in place for CEX and Leader.	CEO/CDV	DCEX	Complete

<p>2.5 Make a Senior Officer (the Section 95 Officer) responsible to the authority for ensuring appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining effective systems of internal financial control</p>	<p>Director of Finance is the responsible Section 95 Officer for the Council with appropriate job description and delegated authority agreed</p>	<p>CEO/CDV</p>	<p>DCEX</p>	<p>Complete</p>
<p>2.6 Make a Senior Officer responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with</p>	<p>Depute Chief Executive / Director Corporate Development responsible Monitoring Officer for the Council with appropriate job description and delegated authority agreed</p>	<p>CEO/CDV</p>	<p>DCEX</p>	<p>Complete</p>
<p>2.7 Develop protocols to ensure effective communication between Members and Officers in their respective roles</p>	<p>Protocols in place in accordance with the agreed Councillors Code of Conduct & Employees Code of Conduct and annual refresher training made available for Members</p>	<p>CEO/CDV</p>	<p>DCEX</p>	<p>Complete</p>
<p>2.8 Ensure that an established scheme for remuneration of members and officers and an effective structure for managing the process including effective remuneration panel are in place</p>	<p>Remuneration Scheme for Members and Pay & Grading Scheme for officers agreed by Council</p>	<p>Finance/CDV</p>	<p>Director of Finance/DCEX</p>	<p>Complete</p>
<p>2.9 Ensure that effective mechanisms exist to monitor service delivery</p>	<p>Scheme of Delegation to Committees & Officers sets out responsibilities for monitoring service delivery at Council and Strategic Committees - including services delivered by partners/third parties</p>	<p>CEO/CDV</p>	<p>DCEX</p>	<p>Complete</p>

Ensuring Relationships between the authority and it's partners and the public are clear so that each know what to expect of each other	2.10 Ensure that the authority's vision, corporate plans, priorities and targets are developed, through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated	Highland SOA agreed with partners and stakeholders and based on information gained from customer and community feedback and engagement e.g. public performance surveys. New Local Outcome Improvement Plan to be developed alongwith Locality Plans.	CEO	Acting Head of Policy	Oct-17
	2.11 When working in partnership ensure that Members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority	Member Development Programme has included training for Members working with outside bodies and companies.	CEO/CDV	DCEX	Complete
		Induction Programme for new Council will include roles and responsibilities of Councillors appointed to outside bodies and partnerships.	CEO/CDV	DCEX	Jul-17
	2.12 When working in partnership, ensure that there is clarity about the legal status of the partnership; ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisations to partner decisions	Service Contracts in place for key partnerships which are delivering services - for example High Life Highland and NHS Highland	C&L / D&I	Directors	Mar-17

Principle 3					
Ensuring authority Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	3.1 Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect	Protocols in place in accordance with the agreed Councillors Code of Conduct & Employees Code of Conduct	CDV	DCEX	Mar-17
	3.2 Put in place arrangements to ensure Members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate arrangements to ensure they continue to operate in practice	Members Register of Interests continues to be completed and updated regularly by Members and published on Council website	CDV	DCEX	Mar-17
		Officers Register of Interest continues to be maintained, as required in the Employee Code of Conduct	CDV	DCEX	Mar-17
	3.3 Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicating these with Members, staff, the community and partners	New Council Values agreed by Council as part of the Re-design of the Council	CEO	Chief Executive	Complete

Ensuring that organisational values are put into practice and are effective.	3.4 Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice	Internal Audit Programme monitors compliance with agreed processes and systems	FIN	Corporate Audit & Performance Manager	Complete
	3.5 Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicating these with Members, staff, the community and partners	Values in place and being promoted through the Re-design process.	CEO/CDV	Chief Executive	Mar-17
	3.6 Develop and maintain an effective Standards Committee (or ensure function is undertaken)	Standards monitored through complaints procedure and issues of Conduct dealt with by Monitoring Officer	CDV	Depute Chief Executive	Complete
	3.7 Use the organisations shared values to act as a guide for decision making and as a base for developing positive relationships within the authority	as above			
	3.8 In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively	CPP has agreed values and principles to support the development of community planning arrangements.	CEO	Acting Head of Policy	Complete

Principle 4					
Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.	4.1 Develop and maintain an effective scrutiny function which encourages constructive challenge and enhance's the authority's performance overall and that of any organisation for which it is responsible	Audit & Scrutiny Committee in place which is independent and chaired by opposition councillor.	FIN	Director of Finance	Complete
	4.2 Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	All decisions documented and minutes of Council and Committees published on Council website and webcasts of all meetings (held at HQ) available live and archived on website	CDV	Head Corporate Governance	Complete
	4.3 Put in place arrangements to safeguard Members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Declaration of Interests is standing item on all council and committee agendas	CDV	Head Corporate Governance	Complete
	4.4 Develop and maintain an effective Audit Committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee	Audit & Scrutiny Committee in place which is independent and chaired by opposition councillor	FIN	Director of Finance	Complete
	4.5 Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.	Complaints Procedure in place and compliant with SPSO requirements and being moitored by Audit & Scrutiny Committee	CDV	Head Digital Transformation	Complete

Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants and needs	4.6 Ensure that those making decisions are provided with information that is fit for purpose, relevant and timely and gives clear explanations of the technical issues and their implications	Reports issued are the responsibility of Directors and include the required professional and expert advice to support effective decision making	CDV	All Directors	Complete
	4.7 Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	In-house legal and financial services provide advice and guidance to officers and councillors to ensure that the council continues to act legally and within its powers. Resource supplemented with external advice if required.	CDV/FIN	Head Corporate Governance / Head of Finance	Complete
Ensuring that an effective risk management system is in place.	4.8 Ensure that risk management is embedded into the culture of the authority, with Members and Managers at all levels recognising that risk management is part of their jobs	Risk Management Process in place with Corporate Risk Register reviewed every 6 months by the Executive Leadership Team and Audit & Scrutiny Committee	FIN	Corporate Audit & Performance Manager	Complete
		Risk Management Process in place as part of Council's Programme & Project Management Policy	CDV	All Directors	Complete
	4.9 Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access	Agreed Whistle-Blowing Procedure in place	CDV	Head of People & Transformation	Complete
Using their legal powers to the full benefit of citizens and communities in their areas	4.10 Actively recognise the limits of lawful activity placed on them by the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities	In-house legal and financial services provide advice and guidance to officers and councillors to ensure that the council continues to act legally and within its powers. Resource supplemented with external advice if required.	CDV/FIN	Head Corporate Governance / Head of Finance	Complete

4.11 Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law	As above			
4.12 Observe all specific legislation requirements placed upon them, as well as the requirements of general law and to integrate the key principles of good administrative law into procedures and decision making processes	As above			

Principle 5

Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform their roles well.

5.1 Provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis	Induction Process in place for new employees with a requirement that services ensure a proper induction	CDV	All Directors & Heads of Service	Complete
	New Induction Programme to be prepared for the new Council	CDV	DCEX	May-17
	Members Development Programme in place for 2015/16 including mandatory training for planning and equalities	CDV	DCEX	Complete
5.2 Ensure statutory officers have the skills,resources, support necessary to perform effectively in their roles and that these roles are properly understood throughout the council	Performance Appraisals and Personnel Development Plans in place for statutory officers	CEO	CEX	Complete

Develop the capability of people with governance responsibilities and evaluating performance as individuals and as a group	5.4 Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively	All Members have been offered Personal Development Plans and a Members Development Programme is in place	CDV	DCEX	Complete
	5.5 Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed	The Induction Programme for the new Council will include the opportunity for Members to develop their own personal development plans	CDV	DCEX	May-17
	5.6 Ensure that effective arrangements are in place for reviewing performance of the executive as a whole and of individual members and agreeing an action plan which might aim to address any training needs	<i>See above reference to annual personal development and training for members</i>			
Encouraging new talent for membership of the authority so that best use can be made of individual's skills and resources in balancing continuity and renewal.	5.7 Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute too and participate in the work of the authority	Area Committees held in public within local communities to encourage participation and new local partnerships are being established which will engage partners and communities in addressing local priorities and tackling inequalities	CDV	Senior Ward Managers	Complete
	5.8 Ensure that career structures are in place for members and officers to encourage participation and development	Workforce Development Plans to be reviewed following Voluntary Severance and as part of the Re-design of the Council to ensure that staff can transition to new jobs and career opportunities through re-training	CDV	All Directors & Heads of Service	Mar-17

Principle 6					
Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders and including partnerships, and develops constructive accountability relationships.	6.1 Make clear to themselves, staff and the community to whom they are accountable and for what	<i>see previous actions relating to job and role descriptions; induction; training and scheme of delegation</i>			
	6.2 Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any change required	<i>see previous actions relating to the Council Programme and arrangements for the SOA and strong partnership working</i>			
	6.3 Produce an annual report on the activity of the scrutiny function	Annual Report to Audit Scrutiny Committee on Internal Audit and Scrutiny Activity	FIN	Corporate Audit & Performance Manager	Complete

Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority or in partnership or by commissioning	6.4 Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively	Communications Strategy agreed and progress regularly reported to Committee	CEO	Corporate Communications Manager	Complete
	6.5 Hold meetings in public unless there are good reasons for confidentiality	Council and Committee meetings are held in public and all meetings are now webcast and the webcast archived on the Council website for public access	CDV	Head Corporate Governance	Complete
	6.6 Ensure that arrangements are in place to enable the authority to engage with all sections of the community. These should recognise that different sections of the community have different priorities and deal with these competing demands	Community Safety, Public Engagement & Equalities Committee have specific remit for equalities and ensuring the council has in place arrangements to engage with all sectors of the community	CEO	Acting Head of Policy	Complete
		Fairer Highland Plan agreed which includes outcomes to be delivered and progress reported regularly to Committee	CEO	Acting Head of Policy	Complete
	6.7 Establish a clear policy on the types of issues they will meaningfully consult or engage with the public about including feedback for those consultatees to demonstrate what has changed as a result	Annual Performance Survey conducted and feedback provided to participants on actions taken as a result	FIN	Performance & Audit Manager	Complete

6.8 On an annual basis publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as outcomes, achievements and satisfaction of service users	Annual Performance Report and Performance Survey reported to Council	FIN	Corporate Audit & Performance Manager	Oct-16
6.9 Ensure that the authority as a whole is open and accessible to the community, service users and staff and ensure that it has made a commitment to openness and transparency in all its dealings subject only to the need to maintain confidentiality	The External Audit Report states that the Council is open and transparency in the way it conducts its business	CEO	All Directors & Heads of Service	Complete
6.10 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making	Staff Partnership Agreement in place with regular Forums between Senior Officers, Members and Trade Unions	CDV	All Directors & Heads of Service	Complete

Updated: 22 September 2016