

Agenda Item	5
Report No	AS/20/18

AUDIT AND SCRUTINY COMMITTEE

Date: 29 November 2018

Report Title: Code of Corporate Governance

Report By: Head of Corporate Governance

1. Purpose/Executive Summary

- 1.1 This report provides an update on progress with delivering the Local Code of Corporate Governance for 2017/18 and presents the proposed Code for 2018/19 for Members' approval.

2. Recommendations

- 2.1 Members are asked to:
- i. Note the progress on delivering the 2017/18 Code of Corporate Governance
 - ii. Approve the 2018/19 Code of Corporate Governance

3. Introduction

- 3.1 The Council is 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.
- 3.2 The Council has also agreed that the Audit and Scrutiny Committee would receive an annual report on the local Code to ensure proper scrutiny. Internal Audit undertake an audit of the Council's compliance with the local Code, every three years, and this is reported separately to the Audit and Scrutiny Committee.
- 3.3 CIPFA and SOLACE published a revised Guidance Note for Scottish Authorities- Delivering Good Governance in Local Government (2016). This provides guidance on implementing the Framework and provides an important foundation to enable local authorities to review effectiveness and to identify continuing improvements in governance arrangements.
- 3.4 The Framework and Guidance are based on seven core principles each with a number of sub-principles. The core principles are:-
 - 3.4.1 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - 3.4.2 Ensuring openness and comprehensive stakeholder engagement
 - 3.4.3 Defining outcomes in terms of sustainable economic, social and environmental benefits
 - 3.4.4 Determining the interventions necessary to optimise the achievement of the intended outcomes
 - 3.4.5 Developing the authority's capacity including the capability of its leadership and the individuals within it
 - 3.4.6 Managing risks and performance through robust internal control and strong public financial management
 - 3.4.7 Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 3.5 This report confirms the actions delivered under the Local Code of Corporate Governance for 2017/18 and presents the proposed Local Code of Corporate Governance for 2018/19 for approval.

4. Local Code of Corporate Governance

4.1 Code of Corporate Governance 2017/18

The Code of Corporate Governance 2017/18 was agreed by Council on 23 October 2017 and a copy can be found at

https://www.highland.gov.uk/download/meetings/id/72713/item_14_code_of_corporate_governance

4.2 The progress in delivering the actions set out in the Code is monitored quarterly through the Council's Performance Management System. The majority of actions have been completed or are on target and where appropriate some actions will be carried forward or revised into the 2018/19 Code. There is also one action with some 'slippage' and this will also be included in the revised Code with an updated target for completion. This action is

- The Council is developing a Medium Term Financial Strategy to support the delivery of statutory responsibilities and delivery of the outcomes set out in the Council Programme

A five year financial plan aligned with priorities, statutory duties, and the Council's workforce plan was not completed in 2017/18. The Council produced a one year budget in line with the Scottish Government producing one year grant figures. The Council took the decision in June 2018 to agree a strategy leading to an agreed three year budget by February 2019 measuring value for money through statutory and local performance indicators. An amended target date of Feb 2019 has therefore been included.

4.3 Internal Audit are not due to do an audit of the Code this year but have undertaken a review in order to inform the Statement of Internal Control and for the Annual Governance Statement which were reported to Audit and Scrutiny Committee in June 2018.

Code of Corporate Governance 2018/19

The proposed Code is detailed at **Appendix One**.

5. Implications

5.1 There are no financial, legal, Gaelic, Community (Equality, Poverty and Rural) or Climate Change/Carbon Clever 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.

Designation: Head of Corporate Governance

Date: 15 November 2018

Author: Stewart Fraser

Background Papers:

2018/19

Core Principle	Sub Principle	Commitment/Action	Responsible Officer	Completed/Target Date	
A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.	Behaving with integrity	All Councillors have agreed to abide by the Councillors Code of Conduct, Protocol for relations between Councillors and Employees and the Nolan Principles	Head of Corporate Governance (Monitoring Officer)	√	
		Member Induction with emphasis on the principle of Councillors behaving with integrity at all time	Head of Corporate Governance (Monitoring Officer)	Ongoing	
		Member Development Programme in place which will continue to reinforce conduct and integrity as core principles	Head of Corporate Governance (Monitoring Officer)	√	
		All Officers are required to comply with the Code of Conduct for Officers and Protocol for relations between Councillors and Employees and compliance forms part of the Induction for new employees	Head of People & ICT	√	
	Demonstrating strong commitment to ethical values	Councillors Code of Conduct in place and compliance monitored via annual report to Audit & Scrutiny Committee	Councillors Code of Conduct in place and compliance monitored via annual report to Audit & Scrutiny Committee	Head of Corporate Governance (Monitoring Officer)	√
			Council Standing Orders sets out the Council's Governance arrangements and how decisions are made, and this is reviewed annually	Head of Corporate Governance (Monitoring Officer)	√
			Employee Code of Conduct in place and compliance managed through HR policies and procedures including Grievance, Capability and Disciplinary policies	Head of People and ICT	√

		Finance and Contract Standing Orders reinforce the ethical values of the Council including in the awarding of contracts to third party organisations	Head of Corporate Finance and Commercialism	√
	Respecting the rule of the law	Council's Scheme of Delegation sets out the authority delegated to committees etc and officers and supports compliance with statutory and legislative obligations and is reviewed annually	Head of Corporate Governance (Monitoring Officer)	√
		Finance and Contract Standing Orders are reviewed annually and ensure compliance with statutory and legislative obligations	Head of Corporate Finance and Commercialism	√
		Statutory Officers are appointed and their responsibilities set out in the Scheme of Delegation. Statutory Officers are part of the Council's Executive Leadership Team and report directly to the Chief Executive	Chief Executive	√
		A Whistle-Blowing Policy is in place and reviewed regularly	Head of Corporate Governance (Monitoring Officer)	√
		HR policies and procedures are in place to deal with Grievance, Capability and Disciplinary matters relating to employees	Head of People and ICT	√
		The Council's Internal Audit Team undertake investigations into complaints alleging any misconduct or lack of compliance with corporate procedures	Corporate Audit & Performance Manager	√

B) Ensuring openness and comprehensive stakeholder engagement	Openness	Standing Orders for conducting Council business promote openness and transparency with all decisions made in public (unless exemptions under the Act apply) and all agendas and papers published in advance on the Council Website	Head of Corporate Governance (Monitoring Officer)	√
		All meetings of the Council, Strategic and Regulatory Committees are webcast and archived for public access	Head of Revenues & Customer Service	√
		Guidance for Report Writing reinforces that all reports to Council and Committees must include the risks and implications of any decisions being taken, including Equality, Rural and Poverty Impact Assessments	Directors & Heads of Service	√
		Continue to develop participatory budgeting across the Council area to encourage community participation in resource allocation.	Chief Executive	Ongoing programme
		Policy Development Groups have been established to enable the views of stakeholders to inform policy development with Members, Officers and Trade Union representatives, with recommendations reported to Committee for consideration. Policy Development Group guidance provided	Directors and Heads of Service	Ongoing programme
	Engaging comprehensively with institutional stakeholders	The Council is one of five lead partners within the Highland Community Planning Partnership and through that engages with partners in delivering improved outcomes for Highland communities	Chief Executive	√

	<p>The Highland Council is the lead organisation for the Inverness and Highland City-Region deal which is being delivered by a local partnership including Highlands and Islands Enterprise, the University of Highlands and Islands and Albyn Housing Society Ltd. Funding is provided through the Scottish and UK governments and is managed by the Council. Regular monitoring reports are brought to the EDI Committee.</p>	Director of Development & Infrastructure	Ongoing
	<p>The Council has strong engagement with the Scottish Police Service and Scottish Fire & Rescue Service with scrutiny at a strategic and local level</p>	Acting Head of Policy	√
	<p>The Council engages with the voluntary and community sector through the CPP and the Highland Third Sector Interface as well as directly with community bodies, including Community Councils.</p>	Acting Head of Policy	√
	<p>The Council has an active Health & Social Care Partnership with NHS Highland, based on a lead agency model, with NHS responsible for Adult Services and the Council responsible for Children's Services</p>	Director of Care & Learning	√
	<p>The Council has a Staff Partnership Forum in place for engagement with Trade Unions. Trade Unions are also represented on the Council's Redesign Board and in Policy Development Groups</p>	Director of Corporate Resources	√

Engaging with individual citizens and service users effectively	As part of the Redesign process, the Council agreed to be more community-minded by listening locally, widening participation in decision-making, supporting community bodies to do more and to target support to particular people and places most in need. This work is on-going. In June 2018 the Council agreed to introduce Community Reviews as part of the Redesign process allowing co-reviewing of services/functions with communities.	Chief Executive	√
	The Council engages with specific user groups on a range of issues including our tenants, through the tenant participation network, with parents through our Parent Councils and with young people through the youth work service and the Highland Youth Parliament.	Directors of Care & Learning and Community Services	√
	The Council holds a contact database of groups with an interest in equality, diversity and human rights issues and liaises with these groups to share information, engage and seek views on a range of issues.	Acting Head of Policy	√
	Under the Community Empowerment Act the Highland Community Planning Partnership has established 9 local partnerships which are engaging with communities to identify local issues and how outcomes can be improved for the local community, with a specific focus on reducing inequalities.	Ward Managers and Directors	√

		The Council has developed processes to support the aims, objectives and duties contained within the Community Empowerment Act. This supports communities to participate in the allocation of budgets, to be involved in improving service outcomes and to take on buildings or land in order to increase the benefits to the wider community.	Acting Head of Policy	√
		Community engagement is undertaken on a variety of service and policy issues and lead by Service and Ward Managers.	Directors/Head of Service/Ward Managers	√
		The Council supports a network of community councils and engages and consults with them on a regular basis and on a range of issues in order to determine community views and responses from local communities.	Acting Head of Policy	√
C) Defining outcomes in terms of sustainable economic, social and environmental benefits	Defining outcomes	The Highland Council Programme for 2017-2022 sets out the vision and intended outcomes for the organisation and this will be supported by a performance framework which sets out how delivery will be monitored	Chief Executive	√
		The redesign statement and statement of Council purpose, values and outcomes were agreed by the Council in June 2017.	Head of Policy and Reform	√
		Annual Performance Report presented to Council to monitor delivery of outcomes and priorities	Chief Executive	√

	Sustainable economic, social and environmental benefits	The Council is developing a Medium Term Financial Strategy to support the delivery of statutory responsibilities and delivery of the outcomes set out in the Council Programme	Director of Corporate Resources	Feb 19
		The Council has a Capital Programme which supports the delivery of statutory responsibilities and delivery of the outcomes set out in the Council Programme	Director of Development & Infrastructure	√
		The Council's redesign programme is focused on the Council being more open-minded to new ways of delivering services, more community-minded and more commercially-minded to ensure service delivery is sustainable, affordable and aware of community impacts.	Acting Head of Redesign	Ongoing
		Budget management is the responsibility of budget holders and monitoring reports are presented to Committee quarterly	Director of Corporate Resources	√
		Corporate Risk Management is undertaken to ensure that the Council identifies and mitigates its key risks, in order to deliver its priorities and outcomes, and reported to Audit & Scrutiny Committee every 6 months	Director of Corporate Resources	√
D) Determining the interventions necessary to optimise the achievement of the intended outcomes		Determining interventions	Options appraisals are undertaken to support significant changes in service delivery and used to inform decision making	Directors & Heads of Service
	The redesign programme includes a peer review process to appraise 10 options for service delivery. Peer reviews take place over a 12 week period and		Acting Head of Redesign	Ongoing programme

	are overseen by the Council's Redesign Board of Members and Trade Union representatives.		
	Guidance for Report Writing reinforces that all reports to Council and Committees must include the risks and implications of any decisions being taken, including Equality Impact Assessments	Directors & Heads of Service	√
	Financial Approach, agreed by Council, which includes prioritisation of services to manage competing demands within limited financial resources	Director of Corporate Resources	√
Planning interventions	Corporate and Service Plans are produced and reviewed annually including being reported to Committee for scrutiny	Directors & Heads of Service	√
	Performance management arrangements includes CEX Quarterly Performance Reviews and quarterly performance reports to Committees for scrutiny	Directors & Heads of Service	√
	Local Scrutiny Plan published by Regulators is published and reported to Audit & Scrutiny Committee	Director of Corporate Resources	√
	Internal Audit Plan agreed annually and all audits are reported to Audit & Scrutiny Committee	Corporate Audit & Performance Manager	√
	The Council is developing a Medium Term Financial Strategy to support the delivery of statutory responsibilities and delivery of the outcomes set out in the Council Programme	Director of Corporate Resources	Feb 19

		The Council has a Capital Programme which supports the delivery of statutory responsibilities and delivery of the outcomes set out in the Council Programme	Director of Development & Infrastructure	√
	Optimising achievement of intended outcomes	The Council is developing a Medium Term Financial Strategy to support the delivery of statutory responsibilities and delivery of the outcomes set out in the Council Programme	Director of Corporate Resources	Feb 19
E) Developing the entity's capacity including the capability of its leadership and the individuals within it	Developing the entity's capacity	Performance management arrangements includes CEX Quarterly Performance Reviews, quarterly performance reports to Committees for scrutiny and an Annual Performance Report to Council	Chief Executive	√
		Budget monitoring is reported to Committee quarterly and the Annual Accounts are reported to Audit & Scrutiny Committee and Council	Director of Corporate Resources	√
		Performance against Statutory Performance Indicators and comparison with performance against other Scottish Councils is reported to Council annually	Chief Executive	√
		Corporate Workforce Strategy in place and development of Service & Corporate Workforce Plans in progress	Directors, Heads of Service & Head of People & ICT	
		The remit and work plan for the Council's Redesign Board was agreed by the Council in June 2018.	Acting Head of Redesign	√
		The Council's programme of redesign places staff at the centre of identifying the change that is needed and implementing that	Acting Head of Redesign	Ongoing

	change. This includes staff involvement in peer reviews of services, in Lean reviews of functions, peer spending reviews and in communicating improvement ideas. A refresh of organisational competencies will be overseen by the Redesign Board with a programme of organisation change support developed.			
	A number of significant Partnerships in place which deliver benefits in terms of efficiency and service improvement - for example Health & Social Care Partnership, High Life Highland, ICT Partnerships (Wipro & Capita) and Highland City Region Deal	Directors	√	
	Developing the capability of the entity's leadership and other individuals	Job and Role Descriptions in place for Officers and Elected Members and effective arrangements in place for joint working	Chief Executive	√
		Scheme of Delegation to Committees and Officers is in place and is reviewed and updated annually	Head of Corporate Governance (Monitoring Officer)	√
		Member Induction Programme delivered for new Council and on-going Member Development Programme is in place to support individual and collective capacity and capability	Head of Corporate Governance (Monitoring Officer)	√
	The Employee Review & Development process ensures that all employees have an annual review of their objectives, performance and support for their training and development needs	Directors, Heads of Service & Head of People & ICT	√	

		Lessons learnt are shared through formal management meetings (e.g. ELT, SLT) and, where appropriate, through reports to committee (e.g. Internal Audit Reports to Audit & Scrutiny Committee)	Directors, Heads of Service	√
		Corporate Health & Well-being Strategy in place supported by an Occupation Health provider and strong trade union engagement through Health & Safety Committees and a network of trade union Health & Safety Representatives	Directors, Heads of Service & Head of People & ICT	√
F) Managing the risks and performance through robust internal control and strong public financial management	Managing risk	Corporate Risk Management is undertaken to ensure that the Council identifies and mitigates its key risks, in order to deliver its priorities and outcomes, and reported to Audit & Scrutiny Committee every 6 months	Director of Corporate Resources	√
		Guidance for Report Writing reinforces that all reports to Council and Committees must include the risks and implications of any decisions being taken, including Equality Impact Assessments	Directors & Heads of Service	√
		Project Management Policy in place which identifies the process for effective risk management and the reporting and governance arrangements required	Directors & Heads of Service	√
	Managing performance	Performance management arrangements includes CEX Quarterly Performance Reviews, quarterly performance reports to Committees for scrutiny and an Annual Performance Report to Council	Chief Executive	√

	Budget monitoring is reported to Committee quarterly and the Annual Accounts are reported to Audit & Scrutiny Committee and Council	Director of Corporate Resources	√
	Performance against Statutory Performance Indicators and comparison with performance against other Scottish Councils is reported to Council annually	Chief Executive	√
	Guidance for Report Writing reinforces that all reports to Council and Committees must include the risks and implications of any decisions being taken, including Equality Impact Assessments	Directors & Heads of Service	√
	Committee System in place which supports policy development, effective decision making and scrutiny of delivery and performance. These are now supported by Policy Development Groups which will increase Councillor capacity to engage in policy development	Chief Executive	√
	Audit & Scrutiny Committee in place which is chaired by an opposition Councillor provides effective oversight and assurance	Chief Executive	√
Robust internal control	Audit & Scrutiny Committee receives an Annual Internal Audit Report which provides an audit opinion upon the adequacy and effectiveness of the Council's framework of governance, risk management and control	Corporate Audit & Performance Manager	√

	Managing data	Information Management Strategy and supporting procedures in place, including handling of personal data, and management of records under the governance of the Information Management Strategy Group chaired by the Head of People and ICT; Records Management Plan agreed.	Head of People and ICT	√
		PSN Accreditation achieved which provides assurance about network and infrastructure security in relation to personal and other sensitive data	Head of People and ICT	√
		Council uses the Scottish Wide Area Network (SWAN), which is a secure public sector network, to provide its Wide Area Network to its c.380 sites including all schools and corporate buildings	Head of People and ICT Transformation	√
		Data Sharing Agreements in place with key partners to enable safe and secure sharing of data across other bodies	Head of People and ICT	√
	Strong public financial management	Budget monitoring is reported to Committee quarterly and the Annual Accounts are reported to Audit & Scrutiny Committee and Council	Director of Corporate Resources	√
		The Council is developing a Medium Term Financial Strategy to support the delivery of statutory responsibilities and delivery of the outcomes set out in the Council Programme	Director of Corporate Resources	Feb19

G) implementing good practice in transparency, reporting and audit to deliver effective accountability

Implementing good practice in transparency	Guidance for Report Writing reinforces that all reports to Council and Committees must include the risks and implications of any decisions being taken, including Equality Impact Assessments	Directors & Heads of Service	√
	All Agendas and accompanying reports are published on the Council's Website and all Council, Strategic and Regulatory Meetings are webcast and archived for public access	Head of Corporate Governance (Monitoring Officer) and Head of Revenue & Customer Service	√
Implementing good practice in reporting	Annual and Quarterly reporting on Performance and Budget Monitoring, to Council and Strategic Committees	Director of Corporate Resources	√
	Annual Governance Statement published as part of Annual Accounts and reported to Council and Audit & Scrutiny Committee	Director of Corporate Resources	√
	Code of Corporate Governance reviewed annually and reported to Audit & Scrutiny Committee	Head of Corporate Governance (Monitoring Officer)	√
	Performance against Statutory Performance Indicators and comparison with performance against other Scottish Councils is reported to Council annually	Chief Executive	√
Assurance and effective accountability	Internal Audit Plan agreed annually and all audits are reported to Audit & Scrutiny Committee, also tracking of actions arising from reports is monitored by the Committee	Corporate Audit & Performance Manager	√
	Internal Audit Service in place which reports directly to the Audit & Scrutiny Committee	Chief Executive	√

Annual Scrutiny Plan and Annual Report from Audit Scotland is reported to Council and Audit & Scrutiny Committee	Chief Executive	√
National Audits reported to Council and/or Audit & Scrutiny Committee to ensure that the Council takes any learning points and actions necessary	Director of Corporate Resources	√
Corporate Risk Register includes any risks arising from service delivery by third parties	Director of Corporate Resources	√
Scrutiny of key partnerships undertaken at Council and Strategic Committees and annual reports of ALEO's made to appropriate Committee	Directors	√

Updated 11
November 2018