

# HIGHLAND COUNCIL

4<sup>th</sup> September 2014

Agenda Item	14
Report No	HC/22/14

## Code of Corporate Governance 2014/15

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 2013/2014 and presents the proposed Code for 2014/15 for Members approval.

### **1. Introduction**

- 1.1 The Council has been required to prepare a Code of Corporate Governance on an annual basis since 2002. 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. The Annual Internal Audit Plan also includes a review of the Council's compliance with the local Code, which is reported to the Audit and Scrutiny Committee.
- 1.3 In 2008 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 2013/14, any areas of slippage and those actions where further work is required within the new Code. The report also presents the proposed Code of Corporate Governance for

2014/15, for approval.

## **2. Code of Corporate Governance**

### **2.1 Code of Corporate Governance 2013/14**

The Code of Corporate Governance 2013/14 was agreed by Council on 5 September 2013 and a copy can be found at [http://www.highland.gov.uk/download/meetings/id/28536/item\\_14\\_code\\_of\\_corporate\\_governance](http://www.highland.gov.uk/download/meetings/id/28536/item_14_code_of_corporate_governance). 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 majority of the actions (41) have been completed and a further 34 are on target to be delivered and are largely annual actions which will be carried forward in the revised Code. There are just 2 actions with 'some slippage' and these will also be included in the revised Code to ensure completion. These actions are:

2.2.1 Delivery of savings from the Corporate Improvement Programme 2013/14 – the slippage in delivering some savings has been reported to Members at Resources Committee and the shortfall has been carried into 2014/15 for delivery within the current financial year.

2.2.2 Completion of the Communications Strategy – this is in draft format but needs to be finalised and reported to Committee for approval.

2.3 An Internal Audit of the 2013/14 Code has been undertaken and provided *Substantial Assurance*. This will be reported to the Audit & Scrutiny Committee on 24<sup>th</sup> September. The recommendations from the Internal Audit will be implemented in 2014/15 and have also been included in the new Code, as follows:-

2.3.1 Ensure that six-monthly reports detailing the number and type of complaint for each Service are provided to the Audit and Scrutiny Committee

2.3.2 Ensure that Corporate Risks are reviewed at least twice a year

2.3.3 Ensure that the draft Communications Strategy should be finalised and then presented to the Community Safety, Public Engagement and Equalities Committee for approval.

### **2.4 Code of Corporate Governance 2014/15**

The proposed Code for 2014/15 is detailed at Appendix 1.

## **2 Resource Implications**

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**

3.3     That the Committee :-

- (i)     notes the good progress on delivering the agreed actions in the 2013/14 Code of Corporate Governance;
- (ii)    notes the Substantial Assurance provided by the Internal Audit report on the delivery of the 2013/14 Code;
- (iii)   approves the 2014/15 Code of Corporate Governance.

Designation:    Depute Chief Executive/Director Corporate Development

Date: 6 August 2014

Author: Michelle Morris

2014/15

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	Working Together for the Highlands & Corporate Plan 2012/17 - agreed by the Council	CEO	Head Policy & Reform	Completed
		Working Together for the Highlands' - Council Programme 2012-17 reviewed and agreed by Council	CEO	Head Policy & Reform	Oct-14
		Service Plans reviewed and 2013-17 plans agreed by Strategic Committees	CD	All Directors	Sep-14
	1.2 Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements	SOA agreed by Highland Council	CEO	Head Policy & Reform	Completed
		5 Area Committees now fully implemented	CEO/CD	Head Policy & Reform	Completed
		Code of Corporate Governance reviewed and 2013/14 Code agreed by Council.	CD	DCEX	Sep-14
	1.3: Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners	Review of Community Planning Governance further to the approval of the SOA	CEO	Head Policy & Reform	Completed
	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	CD	Head People & Performance	Sept-14 / Oct-14
		Annual External Audit Report presented to Council	Fin	Director of Finance	Nov-14
		Annual Financial Statement presented to Council	Fin	Director of Finance	Completed
		Annual Efficiency Statement presented to Council	Fin	Director of Finance	Completed

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Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.	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-14
		Continue to monitor service performance at Quarterly Performance Reviews and reports to Strategic Committees, including where services are delivered in partnership	CD	All Directors	Mar-15
		Fully implement new electronic Performance & Risk Management System in all services	CD	All Directors	Completed
		Continue to monitor performance of services commissioned through High Life Highland, NHS (Adult Services), Inverness Leisure & Highland Opportunity Ltd - through appropriate Committees & Sub-Committees (c/f from 2013/14)	C&L / D&I	Directors C&L & D&I	01/03/2015 c/f
	1.6 Put in place effective arrangements to identify and deal with failure in service delivery	Continue to report all internal and external audit and inspection reports and action plans to Audit & Scrutiny and appropriate Strategic Committees, to ensure required actions are implemented	Fin	All Directors	Mar-15
		Monitor performance under the new complaints procedure and report twice yearly to Audit & Scrutiny Committee (c/f from 2013/14)	CD	Head Digital Transformation	01/03/2015 c/f
	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	Continue to deliver agreed annual efficiency targets from the Corporate Improvement Programme	CD	DCEX/All Directors
Continue to measure VFM through Local Performance Indicators & SPIs and report performance to Strategic Committees			CD/Fin	All Directors	Mar-15

<b>Principle 2</b>					
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/CD	Head Corporate Governance	Completed
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 annually and approved by Council	CEO/CD	DCEX	Sep-14
	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/CD	DCEX	Completed
	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/CD	DCEX	Completed

	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	Director of Finance is the responsible Section 95 Officer for the Council with appropriate job description and delegated authority agreed	CEO/CD	DCEX	Completed
	2.6 Make a Senior Officer responsible to the authority for ensuring that agreed procedures are followed and that all applicable statues and regulations are complied with	Depute Chief Executive / Director Corporate Development responsible Monitoring Officer for the Council with appropriate job description and delegated authority agreed	CEO/CD	DCEX	Completed
	2.7 Develop protocols to ensure effective communication between Members and Officers in their respective roles	Protocols in place in accordance with the agreed Councillors Code of Conduct & Employees Code of Conduct	CEO/CD	DCEX	Completed
	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	Remuneration Scheme for Members and Pay & Grading Scheme for officers agreed by Council	Finance/CD	Director of Finance/DCEX	Completed
	2.9 Ensure that effective mechanisms exist to monitor service delivery	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	CEO/CD	DCEX	Completed
		Continue to implement the Employee Review & Development Plans being undertaken for all employees - linked to agreed Service Plans, Corporate Plan and The Programme for Highland Council	CD	All Directors / Heads of Service	Mar-15

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	CEO	Head of Policy & Reform / All Directors	Completed
	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	Internal Audit Review of governance arrangements with arms length organisations/council owned companies completed and actions agreed	Fin	Director of Finance	Completed
		Member Development Programme has included induction training for Members working with outside bodies and companies.	CEO/CD	DCEX	Mar-15
	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, NHS Highland, Inverness Leisure and Highland Opportunity Ltd. Performance monitoring via Strategic Committees	C&L / D&I	Directors	Mar-15

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<b>Principle 3</b>					
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	Leadership Development Programme has been reviewed and next phase will commence in Sept-14 to provide support for the development of a positive organisational culture	CD	CEX/DCEX	Mar-15
	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	CD	DCEX	Mar-15
		Officers Register of Interest continues to be maintained, as required in the Employee Code of Conduct	CD	DCEX	Mar-15
	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	Corporate Values agreed by the Council need to continue to be embedded in the organisation through recruitment, Employee Review & Development, Induction and training	CD	CEX / Directors / Heads of Service	Mar-15

	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	Registers of Interest and Codes of Conduct in place for Members and Employees. Training and Development Programmes also in place. All arrangements reviewed, as appropriate, by Internal Audit.	CD/Fin	DCEX/Director Finance	Mar-15
Ensuring that organisational values are put into practice and are effective.	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	Corporate Values agreed by Council and supported through corporate communications, training and development of employees	CEO/CD	Head People & Performance / Corporate Communications Manager	Mar-15
	3.6 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	Review of Community Planning Governance further to the approval of the SOA	CEO	Head of Policy & Reform	Completed
<b>Principle 4</b>					
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	Completed

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	CD	Head Corporate Governance	Completed	
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	CD	Head Corporate Governance	Completed	
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. Scheme of Delegation for Committee reviewed in 2012	Fin	Director of Finance	Completed	
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 monitored by Audit & Scrutiny Committee	CD	Head Digital Transformation	Mar-15	
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	Guidelines on Report Writing regularly reviewed and issued to all managers and supported by training	CD	Head Corporate Governance	Completed

Ensuring that an effective risk management system is in place.

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.	CD/Fin	Head Corporate Governance / Head of Finance	Completed
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 Management Team and Audit & Scrutiny Committee (c/f from 2013/14)	Fin	Head of Internal Audit & Risk	Mar-15 c/f
	Risk Management Process in place as part of Council approach to Programme & Project Managements (based on MSP and Prince 2 methodologies) and implemented through Corporate Improvement Programme and delivery of major projects	Fin	Head of Internal Audit & Risk	Completed
4.9 Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access	Whistle-Blowing Procedure reviewed to ensure compliance with best practice and new legislation	Fin/CD	Head Internal Audit & Risk / Head Corporate Governance	Completed
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.	CEX	Head Corporate Governance / Head of Finance	Completed
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			

Using their legal powers to the full benefit of citizens and communities in their areas

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			
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**Principe 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	New Employee Review & Development Process introduced and being implemented for all employees.	CD	All Directors & Heads of Service	Mar-15
	Personal Development Plans being rolled out to all Members. Over 50% completed.	CD	Head People & Performance	Mar-15
	Members Development Programme in place for 2014/15	CD	DCEX	Mar-15
5.2 Ensure statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the council	Annual Performance Appraisals and Personnel Development Plans undertaken with all Directors (inc statutory officers) inc. membership of professional bodies	CEO	CEX & Directors	Mar-15

Develop the capability of people with governance responsibilities and evaluating performance as individuals and as a group	5.3 Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively	See above reference to annual personal development and training for members and employees			
	5.4 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	Corporate Training Priorities agreed annually by the Senior Management Team including mandatory training where required	CD	CEX & Directors	Completed
		Annual Management Development & Leadership Programmes delivered for employees to support continued learning and personal development	CD	Head People & Performance	Mar-15
	5.5 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	See reference to Personal Development Plans for Members			
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.	5.6 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	Continue community consultation and engagement through Citizens Panel, Ward Forums, Service Consultation, Tenants Participation and District Health Partnerships etc	CEO	Head of Policy & Reform	Mar-15

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		Annual appointment of Youth Convener and Highland Youth Voice encourages participation of young people in the work of the Council	C&L	Director C&L	Completed
	5.7 Ensure that career structures are in place for members and officers to encourage participation and development	Workforce Development Planning approach agreed and currently being implemented across all services	CD	Head People & Performance	Mar-15
<b>Principle 6</b>					
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	Head Internal Audit & Risk	Completed

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	Community Safety, Public Engagement & Equalities Committee to scrutinise the delivery of Communications Strategy within the Council (c/f from 2013/14)	CEO	Corporate Communications Manager	01/03/2015 c/f
	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	CD	Head Corporate Governance	Completed
		New Area Committees & District Partnership meetings will be held in the community, improving direct access for the public	CEO	Head of Policy & Reform	Mar-15
	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	Head of Policy & Reform	Mar-15
		Fairer Highland Plan agreed which includes outcomes to be delivered	CEO	Head of Policy & Reform	Mar-15

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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	CD	Head People & Performance	Mar-15
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	CD	Head People & Performance	Sept-14 / Oct-14
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 Council Programme gives a commitment to openness and transparency and conducts its business in public and promotes access through the Internet e.g, web casting meeting.	CEO	Head of Policy & Reform	Completed
	Customer Service Strategy reviewed and commitment reinforced to improving access through delivery of Strategy and Corporate Improvement Programme	CD	Head Digital Transformation	Completed
	New corporate website under development to improve access and on-line service delivery	CD	Head Digital Transformation	Completed
	Council committed to providing access to information (under FOISA and other legislation) and to deal with requests promptly in accordance with the legislation	CEO	Business Manager (CEO)	Completed

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6.10 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making	Joint Consultative Committee & LNCT in place to engage with trade unions. Review proposed in relation to partnership working with the trade unions.	CD	Head People & Performance	Mar-15
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Updated 25 July 2014

c'f - carried forward from 2013/14 Code

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