

ABERDEEN CITY COUNCIL

COMMITTEE	Corporate Policy and Performance
DATE	25 November 2010
LEAD OFFICER	Chief Executive
TITLE OF REPORT	Local Code of Corporate Governance
REPORT NUMBER	OCE/10/021

1. PURPOSE OF REPORT

This report provides the Committee with an update on the development of a revised Local Code of Corporate Governance for the Council.

2. RECOMMENDATION

That the Committee resolves to agree the revised Code and requests that an update report on its implementation is provided at its meeting on 22 September 2011.

3. FINANCIAL IMPLICATIONS

While this report has no direct financial implications, its subject matter relates indirectly to the overall financial position of the Council.

4. OTHER IMPLICATIONS

The subject matter of this report relates to all the Council's activities.

5. BACKGROUND/MAIN ISSUES

The City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this overall responsibility the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the exercise of its functions, and ensuring arrangements are made for the management of risk.

The aim of the Council's Local Code of Corporate Governance is to set out the framework which identifies the systems and processes, the cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the communities of the City.

SOLACE (the Society of Local Authority Chief Executives) and CIPFA (the Chartered Institute of Public Finance and Accountancy) jointly suggest that any local code of corporate governance should be built around six principles as follows:

- ❑ focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- ❑ members and officers working together to achieve a common purpose with clearly defined functions and roles
- ❑ promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- ❑ taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- ❑ developing the capacity and capabilities of members and officers to be effective
- ❑ engaging with local people and other stakeholders to ensure robust public accountability

Since January 2009, reports have been taken to Council by the Chief Executive on revisions to the Council's decision-making structure, revisions to the Council's management structure at Director and Head of Service level and revisions to the Council's Standing Orders.

In its Best Value progress report on the Council published in July 2009, Audit Scotland notes "the Council has implemented a new management structure to improve clarity and accountability; it has agreed revised political decision-making structures and is implementing new governance arrangements".

In its findings on the progress report the Accounts Commission states it is "encouraged by the prompt and decisive action taken by the Council, and taking in to account the timescale, commends the Council on its progress across a range of activity; we welcome in particular the steps taken to establish new management structures and new senior management team, the early signs of changes in the organisational culture and the progress in implementing a corporate performance management process".

The Local Area Network (the scrutiny bodies with responsibility for undertaking a Shared Risk Assessment for Aberdeen City Council) Assurance and Improvement Plan reported to the Committee at its

meeting on 10 June 2010 noted no area as being of significant risk in its corporate assessment of the Council.

The document states: “Our corporate assessment shows a mix of areas where there is good progress and some areas where further work is needed to provide assurance on the Council’s progress. The Council remains involved in a major programme of change and improvement. Some focused Best Value work will be undertaken in year 3 (2012/2013) in order to allow new arrangements to embed and evidence to become available on their impact on performance and outcomes. These include governance, elected member scrutiny and their leadership of and support for the Council’s improvement agenda, performance management, improvement and people management.”

Attached is the suggested revised framework which articulates the arrangements the Council currently has in place to assure effective governance of its activities.

The framework is subject to annual review with the subsequent report relating to the results of that review being captured in the Council’s Annual Governance Statement published as part of the Annual Accounts in September each year. On this basis, it is recommended that an update report on the implementation of the Council’s Local Code of Corporate Governance is brought to the Corporate Policy and Performance Committee at its meeting on 22 September 2011.

In assessing the effectiveness of the arrangements in place and recommending any improvements to be made when the Code is brought back to Committee in 2011, it is proposed that the guidance contained within the Audit Scotland report *Roles and working relationships: are you getting it right?* (August 2010) will be of assistance. The report, part of a series from Audit Scotland themed on the subject of ‘how councils work: an improvement series for councillors and officers’ has been circulated to all elected members by the Director of Corporate Governance and is available at:

http://www.audit-scotland.gov.uk/docs/best_value/2010/bvrm_100826_councillors_office_rs.pdf

It is recommended that the Committee resolves to agree the revised Code and requests that an update report on its implementation is provided at its meeting on 22 September 2011.

6. IMPACT

The subject matter of the report relates, directly or indirectly, to all the Council policy objectives and principles, to the delivery of the Council’s Business Plan and to all aspects of *Vibrant, Dynamic and Forward Looking* and the Single Outcome Agreement. The Local Code of

Corporate Governance has embedded within it the arrangements the Council has put in place to ensure regular information sharing and engagement with the public the Council serves.

7. BACKGROUND PAPERS

None

8. REPORT AUTHOR DETAILS

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LOCAL CODE OF CORPORATE GOVERNANCE

The City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this overall responsibility the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the exercise of its functions, and ensuring arrangements are made for the management of risk.

The aim of the Council's Local Code of Corporate Governance is to set out the framework which identifies the systems and processes, the cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the communities of the City.

The framework is structured around the six principles recommended within the SOLACE and CIPFA guidance note for Scottish authorities – *Delivering Good Governance in Local Government*. Against each principle are set the key documents, policies, arrangements and areas of activity within the Council which address the theme.

Principle 1 focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users
- ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning
- ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money

Single Outcome Agreement

Council policy statement – *Vibrant, Dynamic and Forward Looking*

Council Business Plan 2011/2016

Service Plans

Principle 2 members and officers working together to achieve a common purpose with clearly defined functions and roles

- ensuring effective leadership throughout the authority and being clear about the roles and responsibilities of the scrutiny function
- ensuring that a constructive working relationship exists between authority members and officers and that the

responsibilities of authority members and officers are carried out to a high standard

- ensuring relationships between the authority and the public are clear so that each knows what to expect of the other

Decision-making structures

Management structures

Standing Orders

Committee Terms of Reference

Financial Regulations

Scheme of Delegation

Principle 3 promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance
- ensuring that organisational values are put into practice and are effective

Councillors' Code of Conduct¹

Officer policies and procedures

Principle 4 taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny
- having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
- ensuring that an effective risk management system is in place
- using their legal powers to the full benefit of the citizens and communities in their area

Monitoring, management and reporting of performance

Inspections

Risk management strategy and system

¹ In previous discussion on the Local Code of Corporate Governance the Committee has requested that the revised Code takes into account the revised national Code of Conduct for Councillors. Members of the Committee will be aware that the 2003 Code is currently under review. The Scottish Government published in July 2010 a summary of the responses received to the amended Code it had put out for consultation in November 2009. It is not as yet known when the new Code will be launched, but the Council's Code will be further revised once the national code has been agreed.

Principle 5 developing the capacity and capability of members and officers to be effective

- making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
- developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group
- encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal

Continuing professional development for elected members
Training and development for officers

Principle 6 engaging with local people and other stakeholders to ensure robust public accountability

- exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships
- 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, in partnership or by commissioning
- making best use of human resources by taking an active and planned approach to meet responsibility to staff

National standards for community engagement
Ongoing engagement and feedback opportunities on the Council's Business Plan's development and delivery
Protocols for engagement with Community Councils and Community Planning Partners
User and stakeholder groups
Citizens Panel
Public Performance Reporting
Internal communications and engagement with staff and their trades union representatives

The effectiveness of the implementation of the arrangements set out in the framework is subject to annual review and the results, together with the identification of areas for development and improvements are reported within the Council's Annual Governance Statement.