

ABERDEEN CITY COUNCIL

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COMMITTEE: Corporate Policy and Performance  
DATE: 21 January 2010  
LEAD OFFICER: Chief Executive  
TITLE: Local Code of Corporate Governance  
REPORT NUMBER: OCE/10/003

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1. PURPOSE OF REPORT

At its meeting on 6 May 2008 the Continuous Improvement Committee agreed that the Council's refreshed Local Code of Corporate Governance be brought to its meeting on 17 June 2008 having been updated in light of the improvement agenda set out in the Audit of Best Value and Community Planning and in line with the new Framework for Delivering Good Governance in Local Government.

This report brings to the Committee an update on progress to date on this matter.

2. RECOMMENDATION

That the Committee resolves to note the position relating to the development of a refreshed Local Code of Corporate Governance for the Council and agrees that the Code be brought to its meeting on 29 April 2010.

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. SERVICE & COMMUNITY IMPACT

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

5. OTHER IMPLICATIONS

As with Service and Community Impact above, the subject matter of the report relates to all the Council's activities in serving the City.

## 6. REPORT

At its meeting on 6 May 2008 the Continuous Improvement Committee agreed that the Council's refreshed Local Code of Corporate Governance be brought to its meeting on 17 June 2008 having been updated in light of the improvement agenda set out in the Audit of Best Value and Community Planning and in line with the new Framework for Delivering Good Governance in Local Government.

Taking as its definition that "governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner". The Framework noted above and developed jointly by SOLACE (the Society of Local Authority Chief Executives) and CIPFA (the Chartered Institute of Public Finance and Accountancy) states that governance "comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities". The Framework is 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

The intention reported to the Continuous Improvement Committee in May 2008 was to refresh the Council's existing governance arrangements making use of the guidance produced by SOLACE and CIPFA. This intention remains, but the Committee will be mindful that later in May 2008 the Accounts Commission's public hearing took place and was followed by the Commission's findings and recommendations which included a finding that the Commission had "concerns about the governance arrangements within the Council, particularly the need for more effective member scrutiny". As a result, the Commission recommended that "the Council should ensure that robust and effective governance arrangements are in place including officers producing reports that outline policy options, members receiving all papers in accordance with the timescales laid down by the Local Government (Access

to Information) Act and the Council's Standing Orders, and members attending appropriate training courses".

The Committee will be aware that the Council's Leadership Board worked closely throughout the remainder of 2008 with the External Support Group facilitated by COSLA (the Convention of Scottish Local Authorities) and SOLACE in addressing all of the findings and recommendations made by the Commission and an update report relating to the Local Code of Corporate Governance was provided to the Continuous Improvement Committee at its meeting on 13 January 2009. This report noted that elected member training had been commissioned from and delivered by CIPFA and that the Council's Scrutiny Panel had been established and was operational, but also made clear that the External Support Group had stressed throughout to the Leadership Board that the key priority to be addressed by the Council was the need to ensure that the organisation is returned to financial stability.

Notwithstanding the ongoing priority to address the finances of the Council, the report to the Continuous Improvement Committee in January 2009 indicated that work was underway on the Council's governance arrangements and that this work would be informed by feedback from elected members who participated in the CIPFA training, the advice received from the External Support Group, the views of the Independent Financial Adviser and most crucially it would synchronise with the work on the Council's organisational structures being brought forward early in 2009 by the Chief Executive. It would take in all aspects of the Council's governance arrangements including Standing Orders, the Scheme of Delegation, Financial Regulations and Codes of Conduct and would map them out to ensure clarity in their operation both for elected members and officers.

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".

Given the progress made in revising the Council's governance arrangements, the next step now is to complete the work on a refreshed Local Code of Corporate Governance which will bring each of these strands of activity

together. It is recommended that the Committee resolves to note the position agrees that the Code be brought to its meeting on 29 April 2010.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

None