

## ABERDEEN CITY COUNCIL

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COMMITTEE	Council
DATE	11 May 2016
DIRECTOR	Richard Ellis, Interim Director of Corporate Governance
TITLE OF REPORT	Governance Review – Establishment of Working Group
REPORT NUMBER	CG/16/051
CHECKLIST COMPLETED	Yes

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### 1. PURPOSE OF REPORT

To set out the scope and intended outcomes of the Governance Review, to explain the proposed approach in reviewing the governance framework, and to establish an elected member working group as a forum for consultation on the Governance Review.

### 2. RECOMMENDATIONS

That Council -

- (i) notes the progress made so far in establishing arrangements for a Governance Review and notes the purpose of the Review including intended outcomes, outputs, and governance arrangements; and
- (ii) agrees to establish a Governance Reference Group as a forum for consultation with elected members on the Governance Review, prior to the presentation of proposals to Council or the appropriate Committee; agree a membership of seven members, namely 2 Labour members, 2 SNP members (including the Conveners of Finance, Policy and Resources Committee and Audit, Risk and Scrutiny Committee) and one member from each of Liberal Democrats, Conservative and Independent groupings; and
- (iii) instructs the Interim Director of Corporate Governance to make arrangements for the Reference Group to meet and receive the necessary level of support, with the first meeting to be scheduled for the end of May and thereafter once per Committee cycle.

### 3. FINANCIAL IMPLICATIONS

There are no financial implications arising out of the proposal to establish a working group. There are some costs associated with the Governance Review which will all be met from within agreed and established budgets – these include the cost of a staffing resource to coordinate and ensure delivery of the programme of work, as well as external support for conducting a self-assessment of the Council's governance framework.

### 4. OTHER IMPLICATIONS

A number of services are contributing staffing resource to the review programme, which requires input from almost all Corporate Governance services. The intention is to spread the load across key contributors within Corporate Governance, and this is set out within the

programme dashboard and planning documentation, where responsibilities for individual workstreams will be recorded and monitored. This will be overseen by a dedicated programme management resource. There will also be a requirement for Committee Services to provide clerking support to the working group, and again this can be met from within existing resources.

## 5. BACKGROUND/MAIN ISSUES

### Governance Review Programme

- 5.1 The Council has a Local Code of Corporate Governance, structured around the six CIPFA/SOLACE principles of good governance. Each year, an Annual Governance Statement is prepared and submitted to the Audit, Risk and Scrutiny Committee alongside the annual accounts - this details the extent of our compliance with the Code, identifying areas where improvement is needed over the following year.
- 5.2 CIPFA/SOLACE consulted local authorities last year on plans to revise the six principles of governance – the proposed new principles are shown in appendix 1. CIPFA/SOLACE recognised in their consultation document that local authorities are operating in increasingly complex environments, including addressing serious financial challenges, increased incidence/requirement for arms-length operations, and the impact of these on their ways of working. In addition to this, legislative drivers eg health and social care integration, community empowerment etc, mean that local authorities need to manage their external relationships more carefully than ever before. Against this backdrop, a robust governance framework is key, and if fit for purpose, will ensure that the Council's outcomes are supported by effective mechanisms for control and risk management.
- 5.3 The revised principles will become effective from April this year. The Annual Governance Statement in June 2017 will be expected to demonstrate the extent to which our governance aligns with these principles. It is therefore timely to review our framework against this backdrop, and also to ensure that the framework fully supports the achievement of the Council's objectives as set out in the refreshed Strategic Business Plan. The Governance Review forms part of much wider change activity in the Council, Shaping Aberdeen, and will be an essential component of how we achieve our goals.
- 5.4 The review will be completed on or around May 2017, with the Interim Director of Corporate Governance and Head of Legal and Democratic Services providing project sponsorship throughout. Key aspects of the Governance Review will be reported over the course of the following year, with timescales indicated in appendix 3.
- 5.5 The Corporate Management Team have agreed a set of outcomes and outputs for the Governance Review.

#### Outcomes (what we will achieve):

- A governance framework which supports the Council in implementing the Strategic Business Plan.
- Reassurance to Audit Scotland in respect of their Best Value Audit findings from July 2015.

#### Outputs (what we will deliver):

1. Reviewed and revised risk and performance management frameworks
2. Reviewed and revised elected member development approach

3. Public participation and engagement strategy
4. Corporate Policies Framework
5. Refreshed Local Code of Corporate Governance reflecting the seven CIPFA/SOLACE principles being published in April 2016.
6. An Aberdeen City Council Constitution, comprising the Council's constitutional documents, including:
  - A. Member / Officer Protocol
  - B. Standing Orders
  - C. Committee Reporting Procedures
  - D. Committee Orders of Reference and Reporting Relationships
  - E. Aberdeen City and Aberdeenshire Procurement Regulations
  - F. Scheme of Delegation, including Proper and Statutory Officers
  - G. Arms-length governance arrangements
  - H. Member and officer guidance on gifts, hospitality and registering interests
  - I. Financial Regulations
  - J. Following the Public Pound Guidance

5.6 To achieve consistency with the approach being taken corporately, the Governance Review will have the benefit of a programme management approach, will have robust governance arrangements in place (appendix 2) and will receive external support to ensure that our governance framework can be measured with confidence against CIPFA's principles of good governance. The scope of the Review may be adjusted following completion of the self-assessment, if this reveals that additional areas need to be looked at, or existing areas modified.

#### Governance Reference Group

- 5.7 Members will have a key role to play in the Governance Review, with a number of documents requiring approval by Council, or the appropriate Committee, at the correct stage in the process. For instance, the proposed Aberdeen City Council Constitution is a significant piece of work which will regulate the manner in which the Council makes decisions in the future, and cross-party input to the different components of the Constitution prior to approval will be essential.
- 5.8 A model used with success previously is a member working group, operating without specific decision-making powers but as a forum for officers to seek feedback on proposals within the Governance Review. Such a working group would be used to gather the views of members, and to make adjustments based on this feedback, or at the very least to reflect this feedback when key documents are presented to Council or Committee for approval. The group would provide a valuable opportunity for consultation with members on the revised governance framework. This remit may be altered upon conclusion of the Review, to allow the Reference Group to have an overview of the Council's governance framework. This will be revisited at a later date.
- 5.9 Given the key position of the Governance Review in supporting implementation of the Strategic Business Plan, it is proposed that the working group have a membership of 7, including the Conveners of Finance, Policy and Resources and Audit, Risk and Scrutiny (2 Labour, 2 SNP, 1 Liberal Democrat, 1 Independent, 1 Conservative). These will be the two key Committees in approving revised governance arrangements from the review process. The Group's minutes will record discussion amongst members, and their views will be reflected when proposals are presented to Committee or Council for approval.

5.10 Appendix 2 outlines the proposed governance arrangements for the Governance Review, including integration of the Governance Reference Group within that reporting structure.

## 6. IMPACT

### **Improving Customer Experience –**

Our governance framework has customer delivery as a primary focus – both internal customers (for instance those using the committee reporting procedures and internal procurement regulations) and external partners (third party organisations, audit bodies) and external customers (members of the public accessing local decision-making structures). Ensuring that the programme of work delivers improved governance structures will benefit each of these groups.

### **Improving Staff Experience –**

One of CIPFA's principles is to develop the organisation's capacity, including the capability of its leadership and the individuals within it. Staff experience will be part and parcel of this, for instance, through the Member/Officer protocol and elected member development programme, both of which will be underpinned by the "triple aim" and so have staff experience at their core.

### **Improving our use of Resources –**

Governance is about our organisational frameworks, responsibilities, systems, processes, culture and values. Good governance happens when these things come together to make us an effective organisation, thereby ensuring that we are fulfilling our duty as an organisation to be open, transparent and accountable for spending public funds. A review of our governance framework will result in improved processes, structures and systems, and against a set of CIPFA principles which have taken account of the changing and challenging landscape for local authorities.

### **Corporate –**

This review will ensure that the Council's governance framework is robust enough to support achievement of the objectives set out within Smarter Aberdeen. It forms a key part of the Corporate Governance Directorate Plan, Legal and Democratic Services Service Plan and the PR&D objectives of staff in that service. It will also improve governance relationships with arms-length organisations, and link with the refreshed Single Outcome Agreement in terms of public participation and engagement.

### **Public –**

There is unlikely to be much public interest at this stage in the Governance Review, however, as the programme of work unfolds, this may change.

## 7. MANAGEMENT OF RISK

Exposure to risk is higher in some areas of our governance framework than others, however, the Governance Review will assist the Council in addressing these. A "do nothing" approach would simply allow those risks to increase, and the Council may find itself reacting to risk rather than proactively managing it.

Risk appetite will be assessed and agreed upon at an early stage in the Governance Review, thus informing other key pieces of work in the programme.

8. BACKGROUND PAPERS

Delivering Good Governance in Local Government: A Framework – CIPFA/SOLACE consultation document, July 2015

9. REPORT AUTHOR DETAILS

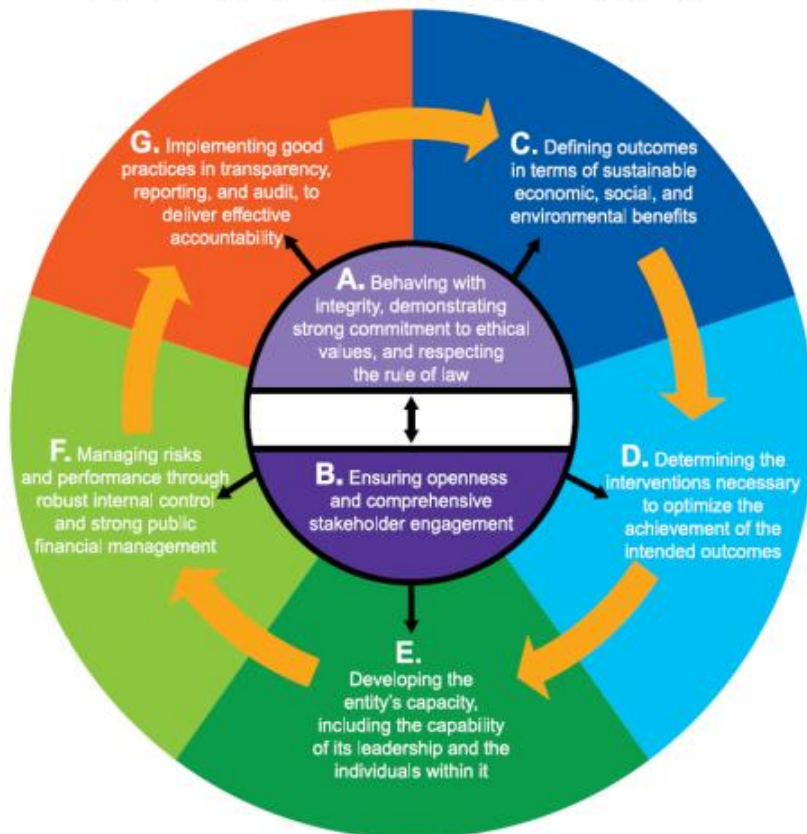
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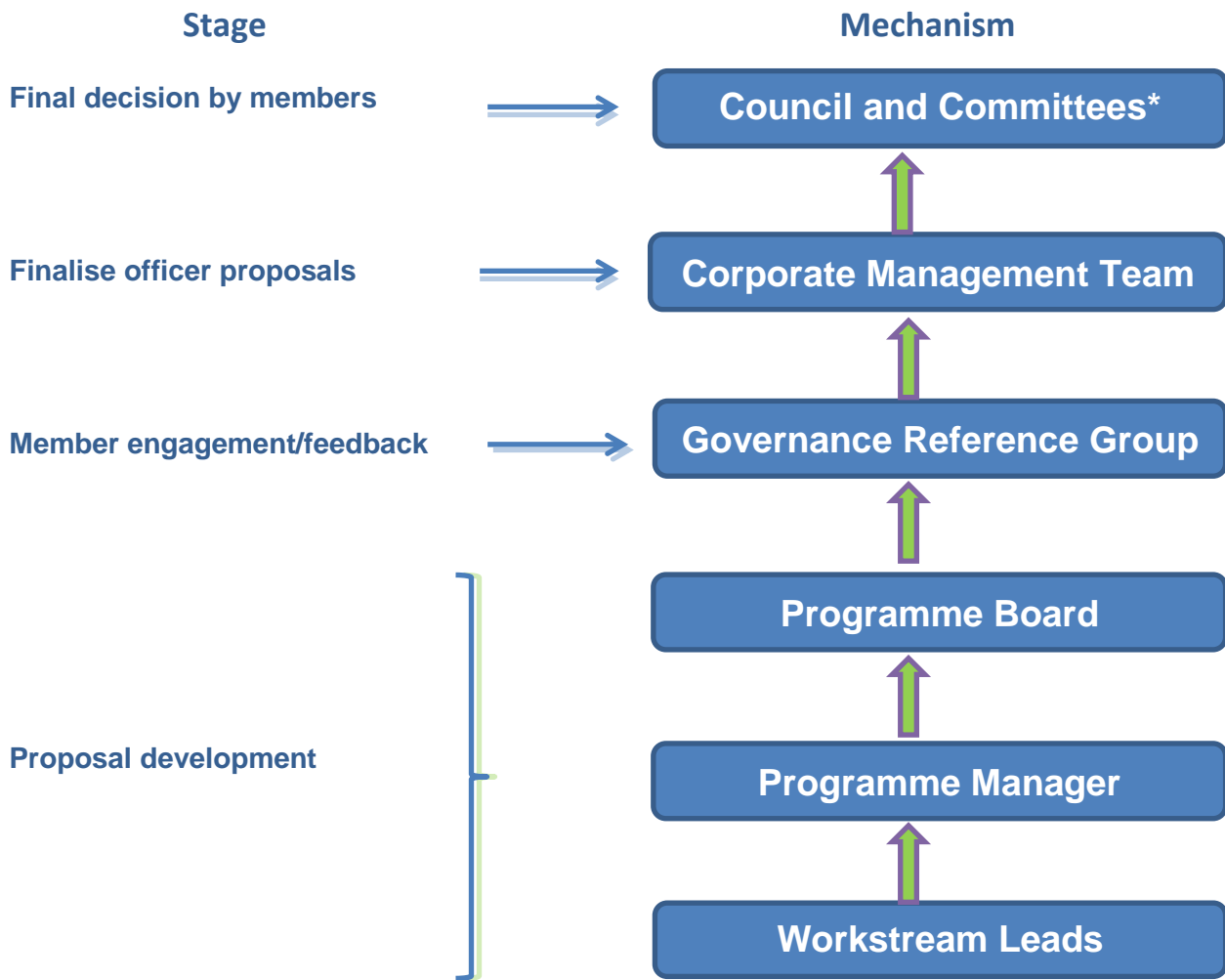
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## CIPFA/SOLACE Principles of Good Governance

**Achieving the Intended Outcomes  
While Acting in the Public Interest at all Times**



### Governance Arrangements



\*There will be a handful of operational matters that do not require Committee or Council approval, and so after receiving feedback from members through the Governance Reference Group, the outcome will be reported to CMT for information. These are set out in Appendix 3.

Workstream	Final reporting destination	Date to be reported
Protocol at Council Meetings	CMT	June 2016
Register of Byelaws and Management Rules	CMT	June 2016
Performance management framework	CMT	June 2016
Registering Interests, Gifts and Hospitality – Revised Procedures	CMT	August 2016
Member/Officer Relations Protocol	Council/Committee	August 2016
Revised Appeals Committee procedure	Council/Committee	October 2016
Risk management system	Council/Committee	by September 2016
Local resilience arrangements	Council/Committee	by December 2016
Constitutional documents:		
Procurement Regulations (shared with Aberdeenshire)	Council/Committee	June 2016
Standing Orders and Orders of Reference	Council/Committee	by March 2017
Scheme of Delegation	Council/Committee	by March 2017
Proper Officer Register	Council/Committee	by March 2017
Committee Reporting Procedures	Council/Committee	by March 2017
Local Code of Corporate Governance	Council/Committee	by March 2017
ACC Group Governance Map	Council/Committee	by March 2017
Corporate policies framework	Council/Committee	by March 2017
Information Governance approach	Council/Committee	by March 2017
Member Training and Development Framework	Council/Committee	by May 2017
Paperlight Committees approach	Council/Committee	by May 2017
Public participation and engagement in local decision-making framework	Council/Committee	by May 2017
External partner governance framework	Council/Committee	by May 2017
Governance training programme for staff	CMT	On-going