



Audit and Performance Systems Committee

Report Title	Local Code of Corporate Governance.
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Report Author (Job Title, Organisation)	Alex Stephen, Chief Finance Officer
Report Number	HSCP/17/034
Date of Report	20.03.17
Date of Meeting	11.04.17

1: Purpose of the Report

To allow the Audit & Performance Systems (APS) committee to comment on the sources of assurances used to measure the effectiveness of the governance principles contained in the CIPFA\SOLACE¹ *'Delivering Good Governance in Local Government: Framework'* document.

To establish a local code of corporate governance for the Integration Joint Board (IJB).

2: Summary of Key Information

The IJB is responsible for ensuring that its business is conducted in accordance with the law appropriate to standings, safeguarding public funds and asset and making arrangements to ensure best value. In order to demonstrate this, an annual governance statement is produced each year and included within the annual accounts document. The IJB is required to review the effectiveness of the control environment annually and this also features in the annual governance statement.

In April 2016 CIPFA\SOLACE published a report titled *'Delivering Good Governance in Local Government: Framework'*. The objective of the Framework is to help local government in taking responsibility for developing and shaping an informed approach to governance, aiming at achieving the highest standards in a

¹ CIPFA – Chartered Institute of Public Finance and Accounting
 SOLACE – Society of Local Authority Chief Executives



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measured and proportionate way.

Whilst the document is written in a local authority context, most of the principles are applicable to the IJB, particularly as the legislation recognises the partnership (IJB) body as a local government body, under Part VII of the Local Government (Scotland) Act 1973, and therefore subject to the local authority accounting code of practice. Also, Aberdeen City Council has recently adopted a new local code of corporate governance based on this framework and many of the assurances will be contained in the same documents.

It is proposed that the Aberdeen City IJB establishes a local code of corporate governance based on Framework. This would require adoption of the following principles against which to evaluate future performance:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and representing the rule of law,
- B. Ensuring openness and comprehensive stakeholder engagement,
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits,
- D. Determining the interventions necessary to optimise the achievement of intended outcomes,
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it,
- F. Managing risk and performance through robust internal control and strong public financial management,
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

A review has been undertaken and is included in appendix 1 of this report. Many of the assurances come from documents which belong to NHS Grampian and Aberdeen City Council. This is appropriate given the partnership model for IJBs where the decisions made by the IJB are required to be actioned using processes of the partner organisations.

Also, it should be highlighted that some of the corporate documents which are likely to provide assurance are still in the process of being developed, given the IJB has only been live for one year.

An annual review will be required to be undertaken to assess IJB performance against these principles. This will identify any weaknesses and improvement actions required.



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3: Equalities, Financial, Workforce and Other Implications

There are no equalities, financial or workforce recommendations arising directly from this report

4: Management of Risk

Identified risk(s):

Good governance and internal controls are fundamental to the delivery of the strategic plan and therefore applicable to most of the risks within the strategic risk register.

Link to risk number on strategic or operational risk register: Risk numbers 1-10 of the strategic risk register.

How might the content of this report impact or mitigate the known risks: This report outlines the assurances for the effectiveness of the governance principles, as set out in the CIPFA/SOLACE document.

5: Recommendations

It is recommended that the Audit & Performance Systems Committee:

1. Approve the use of the sources of assurance, listed in appendix 1, the local code of governance, and the governance principles, against which the IJB will measure itself in Annual Governance Statements from 2016/17 onwards.



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GOVERNANCE PRINCIPLES		
<p>Principle A</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values and representing the rule of law.</p>	<p>Sub-Principles</p> <ul style="list-style-type: none"> • Behaving with integrity. • Demonstrating strong commitment to ethical values • Respecting the rule of law. 	
Sources of Assurance		
IJB	ACC	NHSG
<ul style="list-style-type: none"> • Code of conduct • Financial regulations • Integration scheme • Standing orders • IJB staff induction • Board Assurance Framework 	<ul style="list-style-type: none"> • Employee Code of Conduct • Performance review and development – core management behaviours and 360 assessments • Employee Opinion survey action plan 	<ul style="list-style-type: none"> • NHSG schedule of reserved decisions • NHSG standing financial instructions • Imatters survey • NHS Scotland Staff Experience Review



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	<ul style="list-style-type: none">• Scheme of Governance – Officer and Committee Delegations• Standing Orders• Financial Regulations• Statutory Officers and Statutory Appointments• Complaints Handling Procedure• Staff and Manager Induction• Engagement through third tier managers and below	<ul style="list-style-type: none">• NHSG employee conduct policy• NHSG Board Members Code of Conduct• EKSF processes/objective setting• Standing orders• NHSG Feedback Service• NHSG induction process• HR policies (including health promotion)
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Principle B Ensuring openness and comprehensive stakeholder engagement.		Sub-principles <ul style="list-style-type: none"> • Openness. • Engaging comprehensively with institutional stakeholders. 	
Sources of Assurance			
IJB	ACC	NHSG	
<ul style="list-style-type: none"> • IJB Strategic Plan • Ongoing development of carers strategy; commissioning strategy; market facilitation plan; and learning disability strategy (for example) • Broad range of stakeholders on the IJB itself. • Representatives from 3rd and independent sectors in key working groups. • Joint communications and engagement group. • OurIDEAS innovation platform 	<ul style="list-style-type: none"> • Local Outcome Improvement Plan and locality plans • Publishing council decisions • Employee opinion survey action plan • Complaints handling procedure • Community Planning Partnership • Freedom of information compliance 	<ul style="list-style-type: none"> • NHSG Feedback Service • Freedom of information compliance • NHSG Local Delivery Plan 	



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<p>Principle C</p> <p>Defining outcomes in terms of sustainable economic, social and environmental benefits</p>		<p>Sub-principles</p> <ul style="list-style-type: none"> • Defining outcomes • Sustainable economic, social and environmental benefits. 	
<p>Sources of Assurance</p>			
<p>IJB</p>	<p>ACC</p>	<p>NHSG</p>	
<ul style="list-style-type: none"> • Strategic plan • Performance framework • Local outcome improvement plans • Locality plans 	<ul style="list-style-type: none"> • Strategic business plan, directorate plans, service plans and staff plans, demonstrating evidence of the golden thread • Performance management framework • Consistent improvement methodology • Local outcome improvement plan and locality plans • Best value/value for money 	<ul style="list-style-type: none"> • NHSG Local Delivery Plan • Performance management framework 	



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Principle D Determining the interventions necessary to optimise the achievement of intended outcomes.		Sub-principles <ul style="list-style-type: none"> • Determining interventions. • Planning interventions. • Optimising achievement of intended outcomes. 	
Sources of Assurance			
IJB	ACC	NHSG	
<ul style="list-style-type: none"> • Effective and embedded risk management system • Effective and embedded budget monitoring and financial planning • Annual reviews of Committees' effectiveness • Third party governance and assurance • Performance management framework • Health & safety arrangements • Information governance 	<ul style="list-style-type: none"> • Effective and embedded risk management system • Effective and embedded budget monitoring and financial planning • Annual reviews of Committees' effectiveness • Third party governance and assurance • Performance management framework • Local resilience partnership • Health & safety assurance 	<ul style="list-style-type: none"> • Effective and embedded risk management systems • Effective and embedded budget monitoring and financial planning • Performance management • NHSG Health & Safety Committee • NHSG caldicott guardian • NHSG annual accountability review 	



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<p>assurance framework</p> <ul style="list-style-type: none">• Business continuity plans• Civil contingencies group and plan	<p>framework</p> <ul style="list-style-type: none">• Information governance assurance framework• Business continuity plans	
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Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it.		Sub-Principles <ul style="list-style-type: none"> • Developing the entity's capacity. • Developing the capability of the entity's leadership and other individuals. 	
Sources of Assurance			
IJB	ACC	NHSG	
<ul style="list-style-type: none"> • Staff induction • Organisational Development Plan • Workforce plan 	<ul style="list-style-type: none"> • Elected member induction and professional development framework • Staff and manager induction • Scheme of governance – Officer and Committee delegations • Governance training programme • Staff and manager 	<ul style="list-style-type: none"> • Staff induction • North East leadership schemes • NHS HR policies • Staff partnership representation 	



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	<p>development programme</p> <ul style="list-style-type: none">• Corporate policies framework• Third Tier Network• Member/Officer relations protocol• Workforce plan• Investors in People• Living Wage Employer	
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<p>Principle F</p> <p>Managing risk and performance through robust internal control and strong public financial management.</p>		<p>Sub-principles</p> <ul style="list-style-type: none"> • Managing risk. • Managing performance. • Managing data. • Strong public financial management.
<p>Sources of Assurance</p>		
<p>IJB</p>	<p>ACC</p>	<p>NHSG</p>
<ul style="list-style-type: none"> • Financial regulations • Performance management framework • Effective and embedded budget monitoring and financial management • Risk appetite statement • Internal and external audit plans • Third party governance and assurance 	<ul style="list-style-type: none"> • Financial regulations • Following the public pound guidance • Performance management framework • Effective and embedded budget monitoring and financial management • Assurance mapping • Risk appetite statement • Risk management action plan 	<ul style="list-style-type: none"> • NHSG schedule of reserved decisions • NHSG standing financial instructions • Performance management framework • Effective and embedded budget monitoring and financial management • Risk registers • Internal and external audit plan



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<ul style="list-style-type: none">• Integration scheme• Annual review of Audit and Performance Systems committee effectiveness• Data protection compliance• Business continuity plans for critical functions	<ul style="list-style-type: none">• Bond governance plan• Internal and external audit plans• Fraud, Bribery and corruption strategy• Third party governance and assurance• Scheme of governance – Officer and Committee delegations• Procurement regulations, training and development• Annual review of Audit, Risk & Scrutiny committee effectiveness• Information governance assurance framework• Data protection compliance• CIPFA/ALARM risk benchmarking• Statutory Performance reporting• Project management protocols• Business continuity plans for critical functions• Resilience self-assessment framework	<ul style="list-style-type: none">• Information governance• NHSG Policy for Fraud Prevention• NHSG Risk Management Policy & Strategy
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Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability.		Sub-principles <ul style="list-style-type: none"> • Implementing good practice in transparency. • Implementing good practices in reporting. • Assurance and effective accountability. 	
Sources of Assurance			
IJB	ACC	NHSG	
<ul style="list-style-type: none"> • Committee reporting framework • Financial reporting – annual financial statements and accounts, annual budget • Financial plans reporting to committees • Internal and external audit plans • Third party governance 	<ul style="list-style-type: none"> • Committee reporting framework • Financial reporting – annual financial statements and accounts, annual budget • Medium and long term financial plans and quarterly reporting to committees • Internal and external audit plans • Third party governance • Local government 	<ul style="list-style-type: none"> • Financial reporting – annual financial statements and accounts, annual budget • Internal and external audit plans 	



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	<p>benchmarking framework</p> <ul style="list-style-type: none">• Complaints handling procedure• Best value/value for money• Project management protocols	
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