



REPORT TO ABERDEENSHIRE COUNCIL - 24th SEPTEMBER 2015

CODE OF CORPORATE GOVERNANCE

1 Recommendations

1.1 The Council is requested to agree adoption of the revised Code of Corporate Governance

2 Background / Discussion

- 2.1 This report proposes an update to the way the Council demonstrates good governance and compliance with the Council's Code of Corporate Governance as recommended by CIPFA / SOLACE.
- 2.2 The Policy and Resources Committee originally approved the Council's Code of Corporate Governance in June 2004 which was based on the CIPFA / SOLACE document *Corporate Governance: A Framework for Public Service Bodies*. In 2007 CIPFA / SOLACE published a framework for *Delivering Good Governance in Local Government* which sets out standards to help local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of business. After comment from Audit Scotland on the 2007/08 Aberdeenshire Council audit, Audit Scotland stated that the Council had not demonstrated that it had assessed its corporate governance arrangements against the new framework and updated its local code and a report updating the Code at that time was approved by the Council in 2009.
- 2.3 Internal Audit recommended in February 2014 that the Legal and Governance Service review the existing Code of Corporate Governance to ensure its relevance and to update it.
- 2.4 The updated framework builds on internal governance work and in particular *The Good Governance Standard for Public Services* which was compiled by the Independent Commission on Good Governance in Public Services.
- 2.5 At the core of the framework are the following six principles:
- 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.

- 2.6 The previous version of the Code of Corporate Governance included an evaluation spreadsheet that was not being updated regularly. The new framework for the Code of Corporate Governance allows the evaluation to be carried out as part of the new framework proposed for “How Good is Our Council?”. This will include an evaluation of the six core governance principles and will provide an opportunity to evidence annually the Council’s compliance with the core governance principles and the Code of Corporate Governance. This new approach will allow a more robust self-assessment and evaluation to be carried out by linking the governance arrangements to the performance and outcomes of the Council. The Council also publishes an Annual Governance Statement, which is revised annually upon the completion of the audit of the Council’s accounts.
- 2.7 The Head of Legal and Governance has undertaken a review of the Council’s Code of Corporate Governance and concluded that adoption of the new framework would be appropriate.
- 2.8 The appendix to this report shows the revised Code of Corporate Governance as at September 2015.

3 Equalities, Staffing and Financial Implications

- 3.1 An equality impact assessment is not required because the recommendations contained within this report will not have a detrimental impact on the protected characteristics of any particular individuals.
- 3.2 There are no staffing or financial implications arising directly as a result of this report.

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Director of Business Services

Report prepared by Lauren Cowie, Solicitor (Governance)

Date 26th August 2015

References Karen Wiles/Code of Corporate Governance

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Code of Corporate Governance

1. Introduction and Background

Aberdeenshire Council has adopted a Code of Corporate Governance based on the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief executives (SOLACE) publication *Delivering Good Governance in Local Government*. This builds on *The Good Governance Standard for Public Services* issued by the Independent Commission on Good Governance in Public Services.

In the context of local government, CIPFA proposes this definition of corporate governance:

“Corporate governance is the system by which local authorities direct and control their functions and relate to their communities.”

2. The Fundamental Principles of Corporate Governance

Aberdeenshire Council abide by the seven general principles of conduct as underpinned in the 1994 Nolan Committee report on Standards in Public Life:

- **Openness** is required to ensure that stakeholders can have confidence in the decision-making and management processes of Aberdeenshire Council, and in the approach of the individuals within them. Demonstrating openness through genuine consultation with stakeholders and providing access to full, accurate and clear information leads to effective and timely action and lends itself to necessary scrutiny. Openness also requires an inclusive approach, which seeks to ensure that all stakeholders and potential stakeholders have the opportunity to engage effectively with the decision-making processes and actions. Aberdeenshire Council has an outward focus and a commitment to partnership working and innovative approaches to consultation and service provision.
- **Integrity** comprises both straightforward dealing and completeness. It is based upon **honesty**, **selflessness** and **objectivity**, and high standards of propriety and probity in the stewardship of public funds and management of Aberdeenshire Council's affairs. The effectiveness of the control framework and the personal standards and professionalism of the members and staff within Aberdeenshire Council is reflected in the decision-making procedures, in our service delivery and in the quality of financial and performance reporting.
- **Accountability** of Aberdeenshire Council, and the members and staff within them, indicates responsibility for decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. Aberdeenshire Council ensure all

parties have a clear understanding of those responsibilities, and having clearly defined roles through a robust structure.

- The concept of **leadership** overarches the above principles. The principles described above can only be adhered to if leadership is exercised through Aberdeenshire Council providing vision for our community and leading by example in decision-making and other processes and actions, and councillors and managers conducting themselves in accordance with high standards of conduct.

The (then) Scottish Executive also identified nine key principles underpinning public life in Scotland, which incorporated the seven Nolan Principles and introduced two further principles:

- **Public Service** – the duty to act in the interests of the local authority and to act in accordance with the core tasks of the local authority.
- **Respect** - for fellow members and employees of the local authority and the role they play, treating them with courtesy at all times.

Aberdeenshire Council abide by the six core principles taken from *The Good Governance Standard for Public Services* developed by the Independent Commission on Good Governance in Public Services in 2004 with support from the Office for Public Management (OPM) and CIPFA which are:

- (i) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- (iii) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- (v) Developing the capacity and capabilities of members and officers to be effective.
- (vi) Engaging with local people and other stakeholders to ensure robust public accountability.

The six core principles developed by the Independent Commission on Good Governance on Public Services were adapted for local government purposes in the CIPFA / SOLACE document *Delivering Good Governance in Local Government*.



2. Including citizens and service users.

3. How Aberdeenshire ensures, and is seen to ensure, proper governance of its affairs

The Council publishes an [Annual Governance Statement](#), which is revised annually upon the completion of the audit of the Council's accounts.

In addition, the Council produces a summary self-evaluation report on an annual basis. '[How Good Is Our Council?](#)' has been adopted as the Council's approach to self-assessment and evaluation and promoting performance improvement. It provides us with a framework with which the Council is able to evidence outcomes and impact, identifying strengths and opportunities for development, which in turn enables learning and improvement to take place.

The self-evaluation also supports the Council to demonstrate compliance with the Code of Corporate Governance by evidencing application of the six core principles outlined above.