

# Contents

<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>1</b>
DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: RELATIONSHIP WITH THE FRAMEWORK ..	1
PURPOSE OF THE GUIDANCE NOTES .....	2
TERMINOLOGY .....	3
CONTEXT FOR THE UPDATE.....	3
<b>CHAPTER TWO: THE ‘GOVERNING BODY’ IN A LOCAL AUTHORITY .....</b>	<b>5</b>
INTRODUCTION.....	5
RESPONSIBILITIES.....	5
<b>CHAPTER THREE: WORKING IN PARTNERSHIP .....</b>	<b>7</b>
INTRODUCTION.....	7
CASE STUDIES.....	8
EMBEDDING THE PRINCIPLES OF GOOD GOVERNANCE IN PARTNERSHIPS .....	18
SHARED CHIEF EXECUTIVES AND MANAGEMENT TEAMS – QUESTIONS TO CONSIDER .....	22
<b>CHAPTER FOUR: PRACTICAL EXAMPLES AND CASE STUDIES.....</b>	<b>27</b>
CASE STUDIES FROM LOCAL GOVERNMENT .....	27
CASE STUDIES FROM OTHER SECTORS.....	38
ANNUAL GOVERNANCE STATEMENTS.....	46
EMBEDDING GOOD GOVERNANCE – GENERAL POINTS.....	52
USE OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) .....	53
<b>CHAPTER FIVE: SCHEDULE TO ASSIST IN PUTTING THE PRINCIPLES INTO PRACTICE .....</b>	<b>55</b>
<b>CHAPTER SIX: OTHER GOVERNANCE ISSUES .....</b>	<b>79</b>
SCRUTINY .....	79
FRAUD .....	82
COUNTER FRAUD IN SCOTLAND.....	83
MAINTAINING STANDARDS .....	83
EXTERNAL AUDIT AND AUDIT COMMITTEES.....	86
<b>APPENDIX A: COMPARISON WITH FRAMEWORK PUBLISHED IN 2007.....</b>	<b>89</b>
<b>APPENDIX B: KEY GOVERNANCE REPORTS (SUMMARY) .....</b>	<b>93</b>
<b>APPENDIX C: GLOSSARY.....</b>	<b>97</b>

# CHAPTER ONE

## Introduction

### DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: RELATIONSHIP WITH THE FRAMEWORK

---

- 1.1** *Delivering Good Governance in Local Government: Framework*, published by CIPFA in association with Solace in 2007, set the standard for local authority governance in the UK. CIPFA and Solace reviewed the Framework in 2015 to ensure it remains ‘fit for purpose’ and published a revised edition in spring 2016. A comparison of the principles from the Framework (2016) and those included in the Framework (2007) is included for information at Appendix A to these guidance notes.
- 1.2** The new *Delivering Good Governance in Local Government: Framework* (CIPFA/Solace, 2016) applies to annual governance statements prepared for the financial year 2016/17 onwards.
- 1.3** The concept underpinning the Framework is that it is helping local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:

  - resources are directed in accordance with agreed policy and according to priorities
  - there is sound and inclusive decision making
  - there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 1.4** The Framework draws on earlier work on governance in the public services which is briefly outlined at Appendix B to these guidance notes.
- 1.5** It is intended that the Framework is used by UK local authorities (across their governance systems, structures and partnerships) including:

  - county councils
  - district, borough and city councils
  - metropolitan and unitary boroughs
  - the Greater London Authority and functional bodies
  - combined authorities, city regions, devolved structures
  - the City of London Corporation
  - combined fire authorities
  - joint authorities

- police authorities, which for these purposes since 2012 includes both the police and crime commissioner (PCC) and the chief constable
- national park authorities.

## PURPOSE OF THE GUIDANCE NOTES

---

- 1.6** These guidance notes should be used in conjunction with the Framework. They are intended to assist Scottish authorities across their governance systems, structures and partnerships in reviewing and testing their governance arrangements against the principles for good governance. They will also help them in interpreting the principles and terminology contained in the Framework in a way that is appropriate for their governance structures, taking account of the legislative and constitutional arrangements that underpin them. However, it is not intended that these guidance notes are in any way prescriptive – all authorities are encouraged to consider carefully the content of the Framework and to use it in a way that best reflects their structure, type, functions and size.
- 1.7** These guidance notes are aimed at local government in Scotland and will be particularly useful for officers. They are intended to help those supporting political and officer leadership with establishing robust governance. They signpost component parts of the process and establish a hierarchy of support.
- 1.8** These guidance notes aim to assist authorities in:
- considering how they might go about reviewing their governance arrangements
  - developing and reviewing governance arrangements across the whole governance system including partnerships, shared services and alternative delivery vehicles
  - developing and updating their own local codes of governance
  - demonstrating compliance with the principles of good governance.
- 1.9** The term ‘local code’ essentially refers to the governance structure in place, as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents. For example, in England, Staffordshire County Council draws together on a single sheet all its systems, processes and documents that contribute to the authority’s governance. The extent to which they are in place and effective is considered as part of the authority’s annual review.
- 1.10** It is suggested that, in using the Framework and guidance notes, authorities should nominate an individual or group of individuals within the authority who have appropriate knowledge and expertise and levels of seniority to:
- consider the extent to which the authority complies with the principles of good governance set out in the Framework
  - identify systems, processes and documentation that provide evidence of compliance
  - identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified
  - identify issues that have not been addressed in the authority and consider how they should be addressed

- identify the individuals who would be responsible for undertaking the actions that are required.
- 1.11** The review of governance arrangements must be reported on within the authority, for example to the audit committee or other appropriate member body, and externally with the published accounts of the authority. In doing this, the authority is looking to provide assurance that:
- its governance arrangements are adequate and working effectively in practice
  - where the reviews of the governance arrangements have revealed significant gaps which will impact on the authority achieving its objectives, what action is to be taken to ensure effective governance in future.

## TERMINOLOGY

---

- 1.12** The terms ‘authorities’, ‘local government organisations’ and ‘organisations’ are used throughout the guidance notes and should be taken to cover partnerships and joint working arrangements in operation. A full glossary of terms used in the guidance notes is included at Appendix C.

## CONTEXT FOR THE UPDATE

---

- 1.13** Local government continues to undergo significant change, much of which has been driven by austerity measures, together with an increasing demand for services. In order to cope with this climate of austerity, authorities will need to continue to adapt the way in which they operate. Local authorities have responded by increasing partnership working and developing their role as ‘enablers’. Authorities will continue to make difficult decisions which may mean that certain services are no longer provided, but in doing this they need to communicate effectively with their communities, service users, stakeholders and individuals to ensure that the most vulnerable citizens are protected.
- 1.14** At the same time, local government has been undergoing significant change and the environment in which it works is increasing in complexity. In addition to economic and financial challenge, the [Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#) and other legislation have brought about new roles, opportunities and greater flexibility, as well as challenges for authorities.
- 1.15** The development of new structures, such as health and social care partnerships, brings about the chance to design governance structures from the bottom up. It provides the opportunity to ensure that the core principles of good governance covering openness and stakeholder engagement, defining outcomes, monitoring performance and demonstrating effective accountability are integrated and embedded within the new structures and that mechanisms for effective scrutiny are established.
- 1.16** The development of innovative collaborative structures and ways of working provide challenges for governance such as ensuring transparency, and, in particular, for managing risk. Whether working with other authorities, public sector bodies, the third sector or private sector providers, local authorities must ensure that robust governance arrangements are established at the outset. These arrangements should provide for a shared view of expected

outcomes supported by effective mechanisms for control and risk management, thereby ensuring that the public purse is properly protected. It is vital that all joint arrangements observe all the principles of good governance and are managed and reviewed with the same rigour.

- 1.17** Further information is contained in [An Overview of Local Government in Scotland 2016](#) (Audit Scotland, 2016).