

REPORT TO: POLICY & RESOURCES COMMITTEE - 1 JULY 2009

REPORT ON: LOCAL CODE ON CORPORATE GOVERNANCE

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 277-2009

1 PURPOSE OF REPORT

1.1 To review and update the Council's Local Code of Corporate Governance.

2 RECOMMENDATIONS

It is recommended that the Committee:-

2.1 approves the review and updated Local Code of Corporate Governance as detailed in Appendix 1.

2.2 approves the implementation of the improvements listed in Appendix 2.

2.3 agrees the code should now be updated as a project on the internet.

2.4 notes that the Local Code on Corporate Governance will be reviewed annually and updated as necessary.

3 FINANCIAL IMPLICATIONS

3.1 None.

4 BACKGROUND

4.1 The Council has previously reviewed its Local Code on Corporate Governance in 2002 and 2006 and is now moving towards an annual review process.

4.2 Previous reviews suggested a high level of compliance with the guidelines although areas of improvement were identified and acted upon.

5 CURRENT COMPLIANCE REVIEW

5.1 The current review was carried out by a working group of senior officers. The Best Practice Guidelines were reviewed to ensure source documents existed and that they had been recently updated. Ownership of the source documents was allocated and agreed and is summarised in Appendix 3.

5.2 For the first time a scoring mechanism was adopted to assess the extent of the Council's compliance with the guidelines. The scoring mechanism suggests that the Council is over 90% compliant with the existing guidelines which given their wide scope is considered very good.

5.3 The scoring mechanism was instrumental in arriving at the Improvement Agenda in Appendix 2 whereby the Council identified areas where performance could be improved in the near future.

5.4 A high priority item identified was to use the power of the Internet as an information resource to link the extensive documentation which supports compliance with the guidelines. Phase 1 of this has been completed with Phase 2 being the further hyperlinking of documents as noted in the Improvement Agenda.

6 FUTURE REVIEWS

- 6.1 Reviews will now be carried out on an annual basis and linked to the annual accounts preparation cycle. Next year's review will be carried out with reference to the Delivering Good Governance in Local Government Guidance Note for Scottish Authorities just issued.
- 6.2 The Council is advised that separate guidance will also be issued on Corporate Governance for Partnerships. It is intended that this is an area which will be given priority in next year's review.

7 POLICY IMPLICATIONS

- 7.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

8 CONSULTATION

- 8.1 The Chief Executive, Depute Chief Executive (Support Services), the Assistant Chief Executive and the Head of Finance have been consulted in the content of this report.

9 BACKGROUND PAPERS

- 9.1 Report 313-2002 and 62-2006 Local Code on Corporate Governance.

**DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)**

24 JUNE 2009

DUNDEE CITY COUNCIL**LOCAL CODE OF CORPORATE GOVERNANCE (2009)****FOREWORD**

Dundee City Council strives to meet the highest standards of corporate governance to help ensure that it meets its objectives. The Council is determined to ensure that it delivers the best possible services to city residents. It has developed a modern and effective local democracy that responds quickly and flexibly, delivering high quality services when and where people need them.

The Council is committed to effective decision-making that is transparent and open to genuine scrutiny. It therefore provides on its website (www.dundee.gov.uk) details of its plans, procedures and performance.

DEFINITION

Corporate governance is the system by which Dundee City Council directs and controls its functions and relates to its community.

THE CODE

The Local Code of Corporate Governance for the Council consists of five main elements:-

- Community Focus
- Service Delivery Arrangements
- Structures and Processes
- Risk Management and Internal Control
- Standards of Conduct

COMMUNITY FOCUS

The long-term strategic plan for the City is entitled "Community Plan 2005-2010". It describes the action that public agencies and their partners will take to achieve that vision. The Plan presents an integrated approach to public investment and service provision and it supersedes "Dundee in Partnership" which was drafted as a result of the city's response to the government's Community Planning initiative. The Plan also includes the promotion of joint working with NHS (Tayside) and other public bodies.

The Council has also prepared the Council Plan 2007-2011. Individuals and groups from all sections of the community are encouraged to contribute to and participate in the work of the authority. The development of Local Community Planning Partnerships, Community Councils and Community Representative bodies for areas of the city within the boundaries of each parliamentary constituency is designed to encourage more grassroots participation in Council decision-making and to bring the Council closer to the people. Local Community Engagement Strategies and Local Community Plans have been developed for each multi-member ward as means of identifying and responding to local issues and involving communities in the planning and delivery of public services. In addition, the Council solicits views on a wide range of decisions and maintains a listing of community groups and voluntary organisations and invites their opinion on possible developments likely to affect them.

SERVICE DELIVERY ARRANGEMENTS

The Council reports regularly and publicly on the progress made towards achieving its vision in the Annual Performance Report which is published in September.

NB The Council also publishes, on an annual basis, Statutory Performance Measures. On a quarterly basis performance is reported to the Best Value Performance and Efficiency Sub-Committee by a combination of performance database and Statutory Performance information by way of traffic light reporting.

A programme of Best Value Reviews has been undertaken within the Council examining the rationale for providing each service and considering the best method of service delivery.

The role of the Best Value Performance and Efficiency Sub-Committee of the Policy & Resources Committee has expanded to deal with efficiencies and performance monitoring, the latter now being monitored by an on-line Planning Database which contains details of all the Council's Plans. To this has been added an on-line Performance Database.

A Scrutiny Committee has now been established in April 2009.

The Council underwent a Best Value Audit in 2005 which all Councils in Scotland are required to do to ensure they are delivering Best Value.

Dundee's Best Value audit highlighted a number of areas in which the Council was seen to be performing well, including:-

- Strong commitment to social and economic regeneration
- Ambitious plans for the city
- Good community engagement and significant achievements in community planning and joint working
- Some services, such as housing repairs and community care assessments, becoming more efficient as a result of improved business processes
- Council services generally performing well

The audit also identified areas for improvement which have been put into action.

This year the Council will be one of the first authorities to undergo a Best Value 2 Audit. It is anticipated that further improvements will be identified as a result of this exercise which should result in service improvements to stakeholders.

The Council has now put its Single Outcome Agreement in place. Performance on this will be reported through the Dundee Partnership and through the Council's existing performance reporting mechanisms.

The Council is also committed to the Efficient Government programme and on an annual basis identifies efficiency savings achieved by implementing this initiative.

The Council fosters relationships and partnerships with other public, private and voluntary organisations in delivering services that meet the needs of the local community.

The Council also responds to findings and recommendations of Audit Scotland, other statutory inspectors and its own Internal Audit Section.

STRUCTURES AND PROCESSES

The roles and responsibilities of Councillors and Officers are clearly defined in the Standing Orders of the authority, the Scheme of Delegation of Powers to Officers of the Council, the Scheme of Tender Procedures and the Scheme of Financial Regulations.

The Council has Corporate guidance on Recruitment and Selection and ensures that all officers involved are appropriately trained for their roles. Councillors' Professional Development is also available on a request basis. Councillors on the Appointments Sub-Committee must undertake Fair Selection training. There is also training for Elected Members sitting on the Licensing Committee and the Development Quality Committee and Councillors have also received training on the new Ethical Standards regime.

The Scheme of Councillors' Salaries and Expenses sets out the terms of Councillors' remuneration. Details of all Councillors' expenses are published on the internet and in the local press on an annual basis.

The Council's Chief Executive is responsible to the authority for all aspects of executive management.

The Chief Executive and the Depute Chief Executive (Support Services) are responsible for ensuring that agreed procedures are followed and that all applicable statutes, regulations and statements of good practice are complied with.

The Head of Finance and Depute Chief Executive (Finance) are responsible for ensuring appropriate advice is given to the Council on all financial matters, keeping proper financial records and accounts and maintaining an effective system of internal financial control under the terms of the Financial Regulations.

The roles of senior officers are defined in agreed Job Descriptions. Staff performance is reviewed on an annual basis through Staff Review Schemes.

RISK MANAGEMENT AND INTERNAL CONTROL

The Council has a developed Risk Management Policy. This states that "Dundee City Council is dedicated to the management of risk in order to:-

- safeguard its employees
- protect its property
- preserve and enhance service delivery
- maintain effective stewardship of public funds
- promote a favourable corporate image"

The main priorities within this policy are the identification, evaluation and control of risks which threaten the Council's ability to deliver services to the public. The Council has a high level Business Continuity Plan which sets out the arrangements by which the Council aims to continue to deliver its critical services in the event of an emergency event. Critical services are identified through a process of identification and analysis contained within risk registers enshrined within Departments' Service Plans.

Resources aimed at improving internal control within the Council are allocated according to priorities determined by the Annual Audit Plan, reflecting the changing risks and priorities of the Council.

The Council's accounts include a statement and assessment of the authority's internal control mechanisms and their effectiveness.

STANDARDS OF CONDUCT

The Council has a range of systems and procedures in place to ensure that members and employees of the authority are not influenced by prejudice or conflicts of interest in dealing with its citizens. The Council maintains a continually updated "Register of Members' Interests" which is available for inspection by members of the public.

The Council has a Members/Officers Code of Conduct in addition to the Financial Regulations, Standing Orders and Disciplinary Procedure. The Council has a "Helpline for Employees - Disclosure of Information" policy in place to provide for the direct reporting of problems to senior managers without fear of recrimination.

The National Code of Conduct, the Disciplinary Procedure and the Local Code on Corporate Governance are also applicable in general terms to any external organisations to which members and/or officers are appointed. A summary of these in generic terms is listed in Appendix 4. Such organisations must also comply with the Following The Public Pound Guidelines which is covered by a separate report to committee.

The Council is committed to equal opportunities including both the elimination of discrimination and the use of positive action measures to ensure that employment opportunities, service provision and access to civic life are bias free and made equally and easily available to people from target groups.

REVIEW

The responsibility for the reviewing of the above documents to ensure that they continue to be suitable to meet the purpose for which they were prepared is clearly defined in Appendix 3.

APPENDIX 2**DUNDEE CITY COUNCIL****CORPORATE GOVERNANCE****IMPROVEMENT AGENDA**

	<u>Improvement</u>	<u>Designated Officer</u>	<u>Date</u>
1	Include Overview of Single Outcome Agreement in 2009 Performance Report	Assistant Chief Executive	Sep-09
2	Prepare a role specification for the Leader of the Administration	Assistant Chief Executive	Sep-09
3	Complete departmental risk registers in conjunction with Chief Officers	Risk and Business Continuity Manager	Sep-09
4	Statement of Internal Control and Corporate Governance to be reviewed by Committee	Head of Finance	Jan-10
5	Review and report upon whistle blowing policy	Head of Personnel	Dec-09
6	Prepare a Development Plan for all Elected Members	Assistant Chief Executive	Sep-09
7	Publish a Top 10 Improvement Agenda for the following year in the Performance Report	Principal Accountant (Best Value)/Performance Improvement Manager	Sep-09
8	Develop the Corporate Governance Internet Project for all remaining sources.	Principal Accountant (Best Value)	Dec-09
9	Review of Voluntary Sector funding arrangement	Director of Leisure and Communities	Sep-09
10	Review the delivery plan for achieving the Scottish Housing Quality Standard	Director of Housing	Sep-09
Overarching	Review of Partnerships	Principal Accountant (Best Value)	Jan-10
Overarching	Review of Following the Public Pound Guidelines	Principal Accountant (Best Value)	Dec-09

APPENDIX 3

<u>Community Focus</u>		<u>Source Document exists</u>	<u>Reported to Committee</u>	<u>Has follow up action been taken</u>	<u>Comments</u>
<u>Source Document</u>	<u>Lead Officer</u>				
Annual Report and Accounts	Head of Finance	Yes	Yes	Yes	
Council Plan	Assistant Chief Executive	Yes	Yes	Yes	Plan for 2007-2011 developed
Single Outcome Agreement	Assistant Chief Executive	Yes	Yes	Yes	
Departmental Service Plans	Assistant Chief Executive	Yes	Yes	Yes	
BV Reviews/Performance Indicators	Assistant Chief Executive & Principal Accountant (Performance)	Yes	Yes	Yes	Best Value Sub-Committee
Audit and Risk Management Sub Committee	Head of Finance	Yes	Yes	Yes	
External Audit Reports	Head of Finance	Yes	Yes	Yes	
Education Inspectorate Reports	Director of Education/Director of Leisure and Communities	Yes	Yes	Yes	Verbal update
Best Value Sub-Committee Reports	Assistant Chief Executive	Yes	Yes	Yes	
Tendering Procedures	Depute Chief Executive (Support Services)	Yes	Yes	Yes	
Financial Regulations	Head of Finance	Yes	Yes	Yes	

Community Plan	Assistant Chief Executive	Yes	Yes	Yes	
Scheme for the Operation of Community Councils	Director of Leisure and Communities	Yes	Yes	Yes	Pending Review
Local Community Planning Partnerships	Director of Leisure and Communities	Yes	Yes	Yes	
Internet Development Progress Reports	Performance and Improvement Manager	Yes	Yes	Yes	Customer First Strategy
Consultation Exercises	Assistant Chief Executive	Yes	Yes	Yes	Annual Consumer Survey
Standing Orders	Depute Chief Executive (Support Services)	Yes	Yes	Yes	
Scrutiny Committee	Chief Executive	Yes	Yes	Yes	
Council Mission Statement	Assistant Chief Executive	Yes	Yes	Yes	
Committee Agenda and Minutes	Depute Chief Executive (Support Services)	Yes	Yes	Yes	
Details of Partnership Working	Depute Chief Executive (Finance)	Yes	As and when	As and when	Examples to be provided
Equalities Scheme	Director of Leisure and Communities/Head of Personnel	Yes	Yes	Yes	
Voluntary Sector Compact	Head of Community Learning	Yes	Yes	Yes	
ICT Strategy Group Plan	Performance and Improvement Manager	Yes	Yes	Yes	Incorporated in Customer First

Best Value Improvement Plan	Assistant Chief Executive	Yes	Yes	Yes	
Community Involvement Strategy	Director of Leisure & Communities & Assistant Chief Executive	Yes	Yes	Yes	

<u>Service Delivery Performance Report Arrangments</u>		<u>Source Document exists</u>	<u>Reported to Committee</u>	<u>Has follow up action been taken</u>	<u>Comments</u>
<u>Source Document</u>	<u>Lead Officer</u>				
Corporate Performance Indicators	Corporate Planning Officer	Yes	No	Yes	
Performance Database	Performance and Improvement Manager	Yes	Yes	Yes	
Self Assessment Programmes	Performance and Improvement Manager	Yes	Yes	Yes	
Statutory Performance Indicators	Principal Accountant (Performance)	Yes	Yes	Yes	
Performance Report	Principal Accountant (Performance)	Yes	Yes	Yes	
Best Value	Assistant Chief Executive	Yes	Yes	Yes	
Service Plan Reviews	Assistant Chief Executive	Yes	Yes	Yes	
Council A - Z	Assistant Chief Executive	Yes	N/A	N/A	
Annual Housing Performance Report	Director of Housing	Yes	Yes	Yes	
3 Year Budgeting Information	Head of Finance	Yes	Yes	Yes	
Service Planning	Performance and Improvement	Yes	No	Yes	

Information	Manager				
Service Level Agreements	Head of Finance	Yes	Yes	No	
Response to External Audit Letters	Head of Finance	Yes	Yes	Yes	
Response to Inspectorate Reports	Chief Executive	Yes	Yes	Yes	

<u>Structures and Processes</u>		<u>Source Document exists</u>	<u>Reported to Committee</u>	<u>Has follow up action been taken</u>	<u>Comments</u>
<u>Source Document</u>	<u>Lead Officer</u>				
Standing Orders and Schemes of Administration	Depute Chief Executive (Support Services)	Yes	Yes	Yes	
Code of Conduct for Members and Officers	Depute Chief Executive (Support Services)	Yes	Yes	Yes	
Licensing and Planning Committee Guidance	Depute Chief Executive (Support Services)	Yes	Yes	Yes	
Schedule of Council Meetings	Depute Chief Executive (Support Services)	Yes	Yes	Yes	Notice-Board/website
Revenue and Capital Budgets	Head of Finance	Yes	Yes	Yes	
Recruitment and Selection Guidance	Head of Personnel	Yes	No	Yes	
Councillors' Development Information	Assistant Chief Executive	Yes	No	Yes	
Members Terms of Reference	Assistant Chief Executive	Yes	No	N/A	National Job Description applies

Members Allowance Scheme	Depute Chief Executive (Finance)	Yes	Yes	Yes	
Terms and Conditions of Employment	Head of Personnel	Yes	Yes	Yes	
Job Descriptions/Person Specifications	Head of Personnel	Yes	N/A	Yes	
Revenue and Capital Budget Documentation	Head of Finance	Yes	Yes	Yes	
Section 95 Responsibilities	Head of Finance	Yes	Yes	Yes	
Pay and Conditions of Service	Head of Personnel	Yes	Yes	Yes	
Officer Emoluments Accounts Disclosure	Head of Finance	Yes	Yes	Yes	
Asset Management Plan	Director of City Development	Yes	Yes	Yes	
Procurement Policy	Depute Chief Executive (Finance)	Yes	Yes	Yes	
Communications Strategy	Head of Public Relations	Yes	Yes	Yes	
Freedom of Information Policy	Depute Chief Executive (Support Services)	Yes	Yes	Yes	
Data Protection Policy	Depute Chief Executive (Support Services)	Yes	Yes	Yes	

<u>Risk Management and Internal Control</u>		<u>Source Document exists</u>	<u>Reported to Committee</u>	<u>Has follow up action been taken</u>	<u>Comments</u>
<u>Source Document</u>	<u>Lead Officer</u>				
Child Protection Policy	Director of Social Work	Yes	Yes	Yes	
Civil Contingency Emergency Plan	Depute Chief Executive (Support Services)	Yes	Yes	Yes	
Business Continuity Plans	Risk and Business Continuity Manager	Yes	Yes	Yes	
Health and Safety and Statutory Regulations	Head of Personnel	Yes	Yes	Yes	
Risk Management Policy and Plan	Risk and Business Continuity Manager	Yes	Yes	Yes	
Internal Audit Plan	Chief Internal Auditor	Yes	Yes	Yes	
Decentralisation Information	Director of Leisure and Communities	Yes	Yes	Yes	
Performance Appraisal	Chief Executive	Yes	N/A	Yes	For Chief Officers only
Treasury Management Policy	Head of Finance	Yes	Yes	Yes	
Fraud Policy	Chief Internal Auditor	Yes	Yes	Yes	

Whistle Blowing Policy	Depute Chief Executive (Support Services)	Yes	Yes	Yes	
Employee Development Scheme	Head of Personnel	Yes	N/A	Yes	
Training Plans and Reviews	Head of Personnel	Yes	N/A	Yes	
Annual External Audit Letter	Head of Finance	Yes	Yes	Yes	
Council Wide Complaints Procedure	Assistant Chief Executive	Yes	Yes	Yes	
Discipline/Grievance Procedures	Head of Personnel	Yes	Yes	Yes	
Register of Members and Officers Interests	Depute Chief Executive (Support Services)	Yes	Yes	Yes	
Declaration of Members/Officers' Hospitality	Depute Chief Executive (Support Services)	Yes	N/A	N/A	Public Register
Accounts Commission Audit Information Letter	Head of Finance	Yes	Yes	Yes	
Public Interest Disclosure Policy	Depute Chief Executive (Support Services)	Yes	Yes	Yes	

<u>Standards of Conduct</u>		<u>Source Document exists</u>	<u>Reported to Committee</u>	<u>Has follow up action been taken</u>	<u>Comments</u>
<u>Source Document</u>					
Council Wide Complaints Procedure	Assistant Chief Executive	Yes	Yes	Yes	
Disciplinary/Grievance Procedures	Head of Personnel	Yes	Yes	Yes	
Register of Members and Officers Interests	Depute Chief Executive (Support Services)	Yes	No	N/A	Public Register
Declaration of Members/Officers Hospitality	Depute Chief Executive (Support Services)	Yes	No	N/A	Public Register
Accounts Commission Audit Information	Head of Finance	Yes	Yes	Yes	
Public Interests Disclosure Policy	Depute Chief Executive (Support Services)	Yes	Yes	Yes	

APPENDIX 4**APPOINTMENT TO OTHER BODIES (ROLE. ACCOUNTABILITY. CODE OF CONDUCT. LEGISLATION)**

Body	Elected Member				Officer			
	Legislation	Code of Conduct	Role	Accountability	Legislation	Code of Conduct	Role	Accountability
Charity	Charity Law	OSCR	Trustee	Aims of the Charity	Charity Law	OSCR	Advise to Trustee	Trustees
Company	Company Law		Non Exec Director	Shareholders	Company Law		Advice to Board	Board of Directors
Further Education College	FE Legislation	SFC Guidance	Non Exec Director	Government/SFC	FE Legislation	SFC Guidance	Support to Management	College Management
University	HE Legislation	SFC Guidance	Non Exec Director	Government/SFC	HE Legislation	SFC Guidance	Support to Management	University Management
Health Board		NHS Code for Board Members	Non Exec Director	Government		Professional	Support to Management	NHS Management
Registered Social Landlord	Housing Legislation		Non Exec Director	Aims of the RSL	Housing Legislation		Support to NGA Management	RSL Management
National Government Agency	Various/Varied	Individual to Agency	Non Exec Director	Aims of NGA	Various/Varied		Support NGA Management	NGA Management
Joint Committees and Boards	Various/Varied		Non Exec Director	Government	Various/Varied	Professional	Support to Management	Management
Parent Councils	Parent Council Legislation	Standards Commission	Observer	Electorate	Parent Council		Decision Taker	Parent Forum
Children's Panel								
COSLA				All Local Authorities				