

DATA LABEL: PUBLIC



## WEST LOTHIAN COUNCIL

### CORPORATE GOVERNANCE 2023/24 – ANNUAL REPORT FOR MEMBERS

#### REPORT BY CHIEF EXECUTIVE

##### **A. PURPOSE OF REPORT**

To give assurance to all members on the council's compliance with the principles and standards of good corporate governance.

##### **B. RECOMMENDATIONS**

1. To note the summary of the corporate governance reporting to Governance & Risk Committee on 10 June 2024 when it approved the council's annual governance statement for 2023/24.
2. To note the assurance given to and accepted by the committee on behalf of the council that the council's corporate governance standards were substantially met in 2023/24.

##### **C. SUMMARY OF IMPLICATIONS**

<b>I Council Values</b>	Being honest, open and accountable
<b>II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)</b>	Local Code of Corporate Governance. <a href="#">Corporate Governance Strategy 2023/24 to 2027/28</a>
<b>III Implications for Scheme of Delegations to Officers</b>	None
<b>IV Impact on performance and performance Indicators</b>	Good governance contributes to good performance and good decisions
<b>V Relevance to Single Outcome Agreement</b>	N/a
<b>VI Resources - (Financial, Staffing and Property)</b>	Within existing resources
<b>VII Consideration at PDSP</b>	None required
<b>VIII Other consultations</b>	Audit, Risk and Counter Fraud Manager; Chief Solicitor; Corporate Governance Board; Corporate Management Team

## **D. TERMS OF REPORT**

### **1 Background**

- 1.1 Corporate Governance comprises the arrangements put in place to ensure that intended outcomes for stakeholders are defined and achieved. It is recognised that good corporate governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes. Corporate governance is not directly about performance, or service standards, or service delivery, or policy-making. It is about the systems and controls which make sure these things can be done, that they can be done well, and that they can be done in an open, transparent and accountable way.
- 1.2 The council itself, comprising all 33 elected members, is the “authority” or “governing body” which carries ultimate responsibility for achieving good standards of corporate governance. Governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.
- 1.3 The council delegates maintaining and scrutinising corporate governance standards to committees (especially Governance & Risk Committee and Audit Committee) and to council officers (especially the Chief Executive, the Governance Manager/Monitoring Officer and the Audit Risk & Counter Fraud Manager). This report provides assurance to members who do not sit on those committees in relation to the extent of compliance with the Code.
- 1.4 For the first time, the council has adopted a Corporate Governance Strategy (for 2023/24 to 2027/28). It is one of the six corporate strategies designed to support delivery of the priorities and outcomes included in the [Corporate Plan 2023/24 to 2027/28](#). Its purpose is to maintain high standards of good corporate governance and maintain compliance with the Delivering Good Governance Framework and the council’s Local Code of Corporate Governance. It identifies challenges, sets targets and outcomes, and adopts actions for completion over the lifetime of the strategy. It pulls together significant elements of the governance systems and controls into one strategic document with measurable outcomes. Reporting will be carried out annually to Corporate Policy & Resources PDSP. Progress will be referred to in the annual reporting cycle to Governance & Risk Committee and full council.

### **2 Annual Governance Statement**

- 2.1 It is a requirement of the regulations for dealing with the council’s annual accounts that an annual governance statement is approved and included in those accounts. The statement is prepared in accordance with a CIPFA/SOLACE Framework called “Delivering Good Governance in Local Government (2016)” and accompanying Scottish guidance. The statement is in the audited accounts presented to council today for approval. The relevant findings of the external auditor are summarised below (D.6).

- 2.2 The statement for 2023/24 was approved by Governance and Risk Committee on 10 June 2024. The conclusion and assurance given was that “(t)here are inevitably issues on which future work is required, but, based on the sources and evidence described in this statement, the council and the West Lothian community can be assured that the council’s corporate governance standards have been substantially met in 2023/24”. Committee accepted that assurance. The same assurance is given again to all members today.
- 2.3 The conclusion and assurance were based on these documents and sources. Those are explained below and are summarised in Appendix 3:-
- The annual internal audit opinion by the Audit Risk & Counter Fraud Manager on the effectiveness of the framework of governance, risk management and control (the statutory review of the system of internal control)
  - Annual compliance statements by senior officers and stand-alone reports in relation to significant council policies and procedures
  - The freshly-populated evidence-based Local Code of Corporate Governance
  - Progress made in the reporting year on areas of governance concern
  - The external audit reports and opinion for 2022/23
- 2.4 Although the reporting year ended on 31 March 2024, the CIPFA/SOLACE guidance indicates that the annual governance statement should be as up-to-date as possible and should reflect relevant and significant changes occurring after the end of the reporting year. To help with that, Governance & Risk Committee delegated authority to officers to update and make minor changes to the annual governance statement before it was finalised and included in the annual accounts. Those changes typically arise from observations by the external auditor during the audit process, and from significant post-approval changes in circumstances. That delegated authority was used this year only to correct a small number of typographical errors and to add a missing reference to the external auditor’s report as a source of assurance (paragraph 2.1). Those amendments make no difference to the conclusion and assurance in the annual governance statement.

### **3 Local Code of Corporate Governance**

- 3.1 The council’s governance arrangements are monitored and recorded in its Local Code of Corporate Governance. That is maintained in accordance with the CIPFA/SOLACE Framework. The Code was adopted in April 2018 and it remains current. The Code adopts the seven over-arching principles from the Framework. The diagram in Appendix 1 shows the seven principles and their interaction. It shows a short list for each of them of the most significant sources of evidence used to establish corporate governance compliance each year. Appendix 2 has a simple two-page summary of the Code and the evidence on which the assessment of its standards is made.

- 3.2 Each of the seven principles is broken down into sub-principles and then into a hierarchy of separate elements to allow a more focused approach to the evidence-based components of each. The evidence listed in the approved Code is updated and assessed each year and a brief commentary added. The elements in the assessment are (a) the approach designed to be taken, (b) the extent to which that approach is used in practice, and (c) the arrangements in place to review the approach. An overall assessment is made and a grading applied using simple red, amber and green indicators. Under a red/amber/green assessment system there were no “red” scores in 2023/24. There were 229 assessed as “green”, representing 89% of the total entries. That compares well with previous years.

	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Green</b>	208 (81%)	218 (84%)	219 (85%)	223 (86%)	229 (89%)
<b>Amber</b>	50 (19%)	40 (16%)	39 (15%)	35 (14%)	29 (11%)
<b>Red</b>	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
<b>Total</b>	258	258	258	258	258

- 3.3 Compliance in 2023/24 with the standards in the Code remained high. Although there are no red assessments, there are areas where improvement can be made or where review is required. Where significant enough and proportionate, those have been transferred into the annual governance statement as part of a list of matters to be addressed in 2024/25. Governance & Risk Committee will monitor their progress through bi-annual reports.

#### 4 Annual compliance statements

- 4.1 The conclusion and assurance in the annual governance statement was also informed by a suite of compliance statements. In those, relevant senior officers confirm the extent of compliance with significant legal regimes and corporate policies and procedures. Some of those are supplemented by stand-alone reports to members at other times of the year, for example, on the Councillors’ Code of Conduct, and the use made of covert surveillance. The statements are as follows:-

Anti-Fraud and Corruption	Head of Finance & Property Services
Best Value Framework	Head of Finance & Property Services
Councillors’ Code of Conduct	Monitoring Officer
Counter Terrorism Duties	Depute Chief Executive
Discipline and Grievance	Head of Corporate Services
Employee Whistleblowing	Head of Corporate Services
Information Governance	Head of Corporate Services
Information Security	Head of Corporate Services
Occupational Health & Safety	Head of Corporate Services
Procurement	Head of Corporate Services
Protecting Vulnerable Groups	Head of Corporate Services
Public Sector Equality Duty	Head of Corporate Services
Regulation of Investigatory Powers	Depute Chief Executive
Breaches of the Law	Monitoring Officer

- 4.2 The statements identified a small number of incidents of failure in compliance. None of those was assessed to be of significance to the council at a corporate level. Where remedial action was required, those were translated into the annual governance statement as areas of concern to be addressed in 2024/25. The statement by the Monitoring Officer on breaches of the law mentioned five specific incidents of non-compliance. None of those in his opinion were material breaches of the law which had or would have a significant impact on the operations or finances of the council. He certified that the council was complying in all material respects with its legal requirements. The failures in legal compliance in the Monitoring Officer's compliance statement for 2022/23 had been or were being addressed to his satisfaction.

## **5 Areas of concern**

- 5.1 Since adoption of the current Code, the Governance & Risk Committee has been provided with a running list of governance issues brought out in annual governance statements for attention. The statements provide, in summary form, the issues previously identified for action and progressed in the reporting year, and the new issues to be added. They are compiled into one monitoring document and progress is reported to committee bi-annually.
- 5.2 The progress reports to Governance and Risk Committee on 11 December 2023 and 10 June 2024 reduced the number of issues from eight to three. Those have been carried forward into the next reporting year. They are works in progress and plans are in place to address them and ensure their completion. The most significant were the re-establishment of the Citizen Led Inspection Programme, and a full review of the council's relationship with its ALEO, West Lothian Leisure (WLL). Progress will be reported separately to Governance & Risk Committee at its meetings in December 2024 and June 2025.

## **6 External auditor's report**

- 6.1 The report by the external auditor (Audit Scotland) on the council's annual accounts and statements, including the annual governance statement, is being reported to council today. As is now the practice in the external audit of local authorities' accounts in Scotland, it is in two parts – the annual audit report itself and a Best Value Thematic Review. The financial, accounting and best value aspects are dealt with separately today by the Head of Finance & Property Services in his report on the audited accounts.
- 6.2 The annual audit report has sections about vision, leadership and governance, and best value. On those aspects, the auditor concludes:-
- Overall, governance arrangements remain effective and appropriate and support effective scrutiny, challenge and informed decision making
  - The governance arrangements set out in the annual governance statement are appropriate and effective
  - The council has effective financial management in place, with a soundly-based and well-developed approach to medium and longer-term financial planning
  - The council has an effective performance management framework in place and there is regular performance reporting to elected members
  - Performance measures are aligned to key priorities and outcomes, and there are satisfactory arrangements for the preparation and publication of Statutory Performance Information

- Committee meetings are conducted in a professional manner with a reasonable level of scrutiny and challenge by members

6.3 The Best Value Thematic Review deals with workforce innovation. Some of its key messages are:-

- The council has adopted a People Strategy to support the Corporate Plan 2023/24 – 2027/28
- Targets have been set to monitor progress and report to members on the outcomes and actions in the strategy
- The strategy is supported by a Strategic People Plan setting out the current workforce profile, future workforce requirements, and management and communication of workforce change
- Productivity has been increased and administrative tasks reduced by the adoption of digital technology
- The approach to flexible and agile working was reviewed and revised in February 2024

6.4 To provide further scrutiny, Audit Committee and Governance & Risk Committee both consider the relevant parts of the external audit reports at their winter meetings. Both documents contain a small number of agreed actions. Progress and completion will be monitored through Audit Committee and Governance & Risk Committee and reported in annual financial and corporate governance reporting next year.

## **E. CONCLUSION**

On the basis of all of the factors and information noted and summarised in this report, the council, and its members as the governing body, can be assured that the standards of corporate governance were substantially met in 2023/24.

## **F. BACKGROUND REFERENCES**

- 1 Governance and Risk Committee, 10 June 2024
- 2 “Delivering Good Governance in Local Government - Framework (CIPFA/SOLACE, 2016)
- 3 “Delivering Good Governance in Local Government - Guidance Notes for Scottish Authorities (CIPFA/SOLACE, 2016)
- 4 Best value duty in sections 1 and 2 of the Local Government in Scotland Act 2003
- 5 West Lothian Council, 26 September 2023

Appendices/Attachments:     1. Corporate governance principles – interaction illustrated  
   2. Local Code of Corporate Governance – one sheet summary  
   2. Summary of corporate governance assessment for 2023/24

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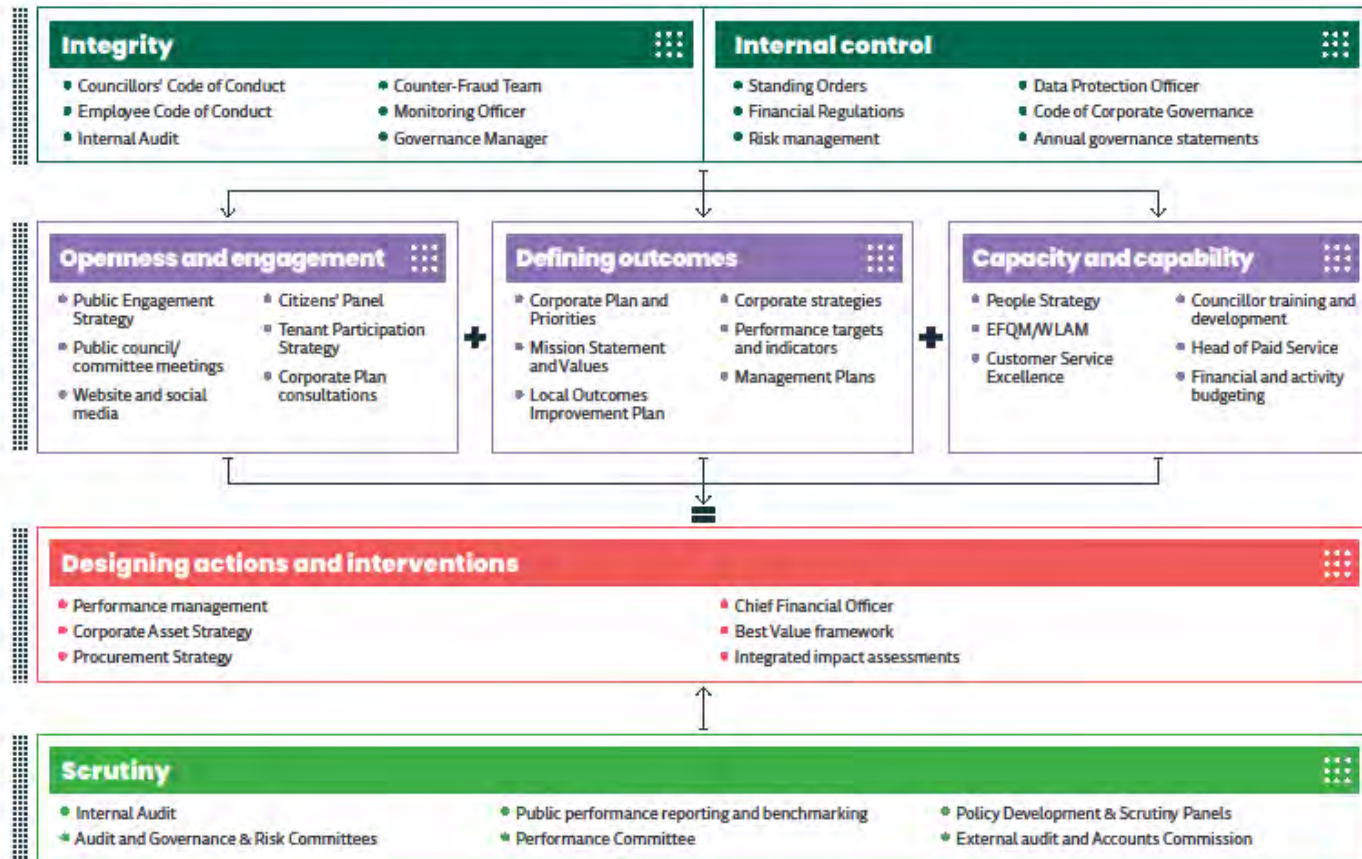
**Graham Hope, Chief Executive**

Date of meeting: 24 September 2024

## APPENDIX 1



### Governance principles and common sources of evidence



## APPENDIX 2

## LOCAL CODE OF CORPORATE GOVERNANCE – TWO-PAGE SUMMARY

## GOVERNANCE PRINCIPLES AND PRIME SOURCES OF EVIDENCE

<b>A. INTEGRITY</b>	
<b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	
Councillor role descriptions and duties	Anti-Fraud & Corruption Policy
Councillors' Code of Conduct	Counter-Fraud Team
Employee role descriptions and duties	Whistle-blowing Policy and Procedure
Employee Code of Conduct	Monitoring Officer
Internal Audit	Governance Manager

<b>B. OPENNESS AND ENGAGEMENT</b>	
<b>Ensuring openness and comprehensive stakeholder engagement</b>	
Public Engagement Strategy	Local Area Committees
West Lothian Way	Citizens' Panel
Public council/committee meetings	Tenant Participation Strategy
Website and social media	Transforming Your Council
Policy Development & Scrutiny Panels	Partnership working guidance

<b>C. DEFINING OUTCOMES</b>	
<b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	
Corporate Plan	Locality Plans
Corporate Priorities	Community Planning Partnership
Mission Statement	Corporate strategies
Values	Performance targets and indicators
Local Outcomes Improvement Plan	Management Plans

<b>D. DESIGNING ACTIONS AND INTERVENTIONS</b>	
<b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b>	
Performance management framework	Management plans
Financial strategy and planning	Integrated impact assessments
Corporate asset strategy and planning	Committee report template
Best value framework	Policy Development & Scrutiny Panels
Procurement Strategy	Chief Financial Officer



<b>E. CAPACITY AND CAPABILITY</b>	
<b>Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>	
People Strategy	Customer Service Excellence
Workforce development plan	Councillor training and development
Employee appraisals and development	Officer/member protocols
Performance management framework	Officer management and Board structure
EFQM/WLAM	Head of Paid Service

<b>F. INTERNAL CONTROL</b>	
<b>Managing risks and performance through robust internal control and strong public financial management</b>	
Standing Orders (three elements)	Data Protection Officer
Standing Orders for Contracts	Information Governance Policy
Financial Regulations	Local Code of Corporate Governance
Risk management	Annual compliance statements
Records management	Annual governance statement

<b>G. SCRUTINY</b>	
<b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>	
Internal Audit	Policy Development & Scrutiny Panels
Audit Committee	Public sector equality duty
Governance & Risk Committee	Citizen led inspections
Performance Committee	External audit and Accounts Commission
Education (Quality Assurance) Committee	Chief Social Work Officer

**APPENDIX 3**

**CORPORATE GOVERNANCE 2023/24**

