



ORKNEY
ISLANDS COUNCIL

Item: 4

Monitoring and Audit Committee: 6 June 2024

**Local Code of Corporate Governance: Self-Assessment for 2023-24 and
Improvement Action Plan for 2024-25**

**Report by Corporate Director for Strategy, Performance and Business
Solutions**

1. Overview

- 1.1. The Council is required to maintain a Local Code of Corporate Governance which is consistent with the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework, and to conduct an annual self-assessment of its compliance with the Local Code.
- 1.2. Directorates have completed their self-assessments for 2023-24 and have updated their rolling Local Code of Corporate Governance Improvement Action Plan to include a progress report on actions from the Improvement Action Plan for 2023-24 plus new actions arising from the 2023-24 self-assessment.
- 1.3. The Corporate Leadership Team has reviewed the completed self-assessment for 2023-24 and agreed that the Council's compliance with each principle of the CIPFA Framework should be scored as 3 – Fully compliant with the requirement.
- 1.4. The Local Code of Corporate Governance Improvement Action Plan for 2024-25 is attached to this report at Appendix 1.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Note, for the purpose of assurance, completion of the Council's self-assessment for 2023-24 against the Local Code of Corporate Governance.
 - ii. Approve the Local Code of Governance Improvement Action Plan for 2024-25, attached as Appendix 1 to this report.

3. Background

- 3.1. The Council is required to maintain a Local Code of Corporate Governance which is consistent with the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework. The Council's Local Code of Corporate Governance was updated in 2017, and again in 2022, in line with the 2016 edition of the CIPFA Framework. The current version was adopted by Council on 4 October 2022.
- 3.2. The Council is further required to conduct an annual self-assessment of its compliance with the Local Code of Corporate Governance. Each year, each Directorate's Senior Management Team reviews the Council's self-assessment template, populating it with evidence of compliance with the principles, sub-principles and requirements of the CIPFA Framework. Compliance is evidenced by examples of documentation and processes which are locally equivalent to CIPFA's examples of supporting evidence for monitoring and evaluation purposes.
- 3.3. The completed template is reviewed by the Corporate Leadership Team and a collective score assigned to each principle. The Council's compliance with the requirements of the CIPFA Framework is rated on a scale of 1 to 4 as follows:
 - 1 – Not compliant with the requirement.
 - 2 – Partially compliant with the requirement.
 - 3 – Fully compliant with the requirement.
 - 4 – Exceeds the requirement.
- 3.4. The Corporate Leadership Team also agrees a collective Improvement Action Plan. This is a rolling plan and is updated every year following the self-assessment. It captures routine updates required to Council and Directorate plans, strategies, policies and services, as well as new undertakings.
- 3.5. Following the annual self-assessment exercise, Corporate Directors sign Annual Assurance Statements which, together with the findings of the self-assessment, form the basis of the Annual Governance Statement which appears in the Council's Annual Report and Accounts.
- 3.6. The Improvement Action Plan is submitted to Monitoring and Audit Committee every year in June, together with a progress report on the actions in the previous year's plan, and alongside a report confirming completion of the annual self-assessment exercise for the purpose of scrutiny.

For Further Information please contact:

Anna Whelan, Service Manager (Strategy and Partnership), Extension 2160, Email: anna.whelan@orkney.gov.uk.

Implications of Report

1. **Financial:** None arising directly from this report.
2. **Legal:** None arising directly from this report. Having sound governance arrangements in place helps to ensure that the Council complies with its statutory obligations, including the achievement of best value.
3. **Corporate Governance:** This report relates to the Council complying with external requirements relating to corporate governance. Where a review of the Council's governance arrangements reveals gaps or weaknesses, appropriate action requires to be taken. This will involve officer time to devise action plans and put into place appropriate arrangements to ensure more effective governance going forward.
4. **Human Resources:** None.
5. **Equalities:** Not applicable.
6. **Island Communities Impact:** Not applicable.
7. **Links to Council Plan:** Not applicable.
8. **Links to Local Outcomes Improvement Plan:** Not applicable.
9. **Environmental and Climate Risk:** Not applicable.
10. **Risk –** The annual self-assessment process ensures that Directorate management teams are cognisant of the CIPFA principles and that their governance procedures are up to date, thereby reducing the risk to the Council associated with any potential failings.
11. **Procurement –** Not applicable.
12. **Health and Safety:** Not applicable.
13. **Property and Assets:** Not applicable.
14. **Information Technology:** Not applicable.
15. **Cost of Living:** Not applicable.

List of Background Papers

[Local Code of Corporate Governance](#)

Appendix

Appendix 1: Local Code of Corporate Governance Improvement Action Plan for 2024-25.

Local Code of Corporate Governance: Improvement Action Plan 2024-25

Appendix 1

Directorates

SPBS – Strategy, Performance and Business Solutions.

ESR – Enterprise and Sustainable Regeneration.

ELH – Education, Leisure and Housing.

NSI – Neighbourhood Services and Infrastructure.

OHAC – Orkney Health and Care.

RAGB status**RED** – Stalled or cancelled.**AMBER** – In train but behind schedule.**GREEN** – In train and on schedule.**BLUE** – Complete.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
A1. Behaving with integrity.	Review the Council's Scheme of Administration and Scheme of Delegation to Officers.	SPBS	2023-2024	BLUE	Planned review in June 2023. Complete – updated Scheme of Administration and Scheme of Delegation to Officers adopted at General Meeting on 4 July 2023
	Embed staff values within HR/OD processes.	SPBS	2023-2024	BLUE	Planned work completed in 2023–24. Not currently incorporated in all HR policies but values will be embedded and added to policies as part of the review schedule.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Embed staff values into recruitment and selection, as well as a range of hybrid working policies	SPBS	March 2025	GREEN	Values will be embedded and added into policies as part of the review schedule.
	Rework financial regulations.	ESR	2023-2025	GREEN	Work is underway and on track (slightly before schedule)
	Medium–Long Term financial strategy.	ESR	2023-2024	BLUE	Medium term (five year) financial strategy completed in June 2023 with an update planned for June 2024 as financial situations have developed.
	Review of Medium and Long Term financial strategies to reflect current financial environment	ESR	2024 - 2025	GREEN	Update planned for June 2024.
A2. Demonstrating strong commitment to ethical values.	None required.				

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
A3. Respecting the rule of law.	Review the Council's Contract Standing Orders.	SPBS	2023-2024	BLUE	Complete – Contract Standing Orders have been reviewed and updated. Report was presented to Policy and Resources Committee on 20 February 2024 and ratified at the General Meeting of the Council on 11 March 2024.
	Review the Council's RIPSA policies and procedures.	SPBS	2023-2024	BLUE	Complete – policies and procedures were updated and adopted at General Meeting on 3 October 2023.
B1. Openness.	Review how key documents such as Roads Maintenance Plan are publicised.	NSI	2022-2023 extended to 2024	BLUE	Planned review was completed and is ongoing. There is now clear links on the front page of the website to the roads section and a number of documents including maps can be found online.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Publish the Council's Procurement Annual Report in Autumn 2023.	SPBS	2023-2024	BLUE	Complete – 2022–23. Procurement Annual Report was presented to the Policy and Resources Committee on 28 November 2023 and ratified at the General Meeting on 12 December 2023. Report published here: https://www.orkney.gov.uk/Service-Directory/P/procurement-annual-report.htm
	Publish the Council's Annual Complaints Handling Report.	SPBS	2023-2024	BLUE	Complete – presented to the Monitoring and Audit Committee on 21 September 2023 and ratified at the General Meeting on 3 October 2023.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Ongoing work to publicise future roads works including tracking the gritters.	NSI	2023-2024	BLUE	<p>Updates on roadworks are now being publicised weekly, with lots of proactive communication taking place.</p> <p>The decision was made not to create a public live tracking system due to workers need for privacy. An internal tracking system is active with the system being used to answer the publics queries.</p>
B2. Engaging comprehensively with institutional stakeholders.	Prepare a local resilience plan for each island.	NSI/SPBS community council teams.	2023-2025	GREEN	<p>Scheduled to start early 2024.</p> <p>Work is underway with no end date yet.</p>

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
B3. Engaging with individual citizens and service users effectively.	Provide training for Elected Members and refresher training for staff in community consultation and engagement. Include case studies and wider thoughts to changing the culture towards community engagement.	SPBS	2022-2023 extended to 2024 - 25	AMBER	Training for Elected Members in Effective Scrutiny of Community Consultation and Engagement delivered 9 May 2024. Staff training being delivered via Community Engagement Project Team, still to be rolled out more widely.
	The Council has undertaken a review of its Tenant Participation Strategy, including electronic processes for tenant participation, and will consult during 2022-23.	ELH	2022-2023 extended to 2025	AMBER	Consultation deferred to 2024 – 2025 due to a lack of capacity and budgetary constraints.
	Review the Council's Communications and Engagement Strategy and publish an updated strategy in tandem with the Council Plan.	SPBS	2022-2023 extended to 2024-25	AMBER	Communications Strategy delayed but draft document now developed and expected to be presented to the Policy and Resources Committee in September 2024.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Explore the development of a modernised suite of community engagement and consultation tools including an online platform.	SPBS	2023-2024 Project extended to 2026	GREEN	This is being addressed by the multi-agency Community Engagement Project (CEP) which is under way in two phases. Phase 1 is now being implemented while Phase 2 is in its discovery stage. Orkney Matters 2 is the first output to date from the CEP Team.
	Continue the development of a community engagement platform	SPBS	2023 - 2024	GREEN	This is now part of the CEP as above.
	Budgetary savings consultations.	ESR	2023-2024	BLUE	Consulted with the public and gave feedback to public.
	The Scottish Approach to Service Design to be spread further across the Council.	SPBS	2023-2025	GREEN	Session delivered at the Leadership Forum and on an ongoing basis with teams as project plans are initiated. Work is underway to further imbed the Scottish Approach within the Council.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
C1. Defining outcomes.	Develop new Service Plans for 2023-2026 (now renamed Directorate Delivery Plans).	All Directorates	2022-2024	AMBER	Directorate Delivery Plans for SPBS, ESR and NSI were presented to Committee by March 2024. A plan for ELH is still in development.
	Develop new Orkney Local Development Plan.	NSI	2022-2027	GREEN	In progress. Expecting to publish the proposed plan in January 2026.
	Update Quarries Business Plan.	NSI	2024-2025	GREEN	In progress, completion deferred to 2024-2025. Members' seminar took place in April 2024, and plan to be considered by Development and Infrastructure Committee in June 2024. No major changes to the operation of the quarries, mainly clarification of policy.
	Develop a new Children's Services Plan for 2023–26.	OHAC	2022-2024	BLUE	Completed. An interim update of the plan will be submitted to the Policy and Resources Committee in 2024-25.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Develop a new Local Housing Strategy for 2023–28.	ELH	2022-2024	GREEN	To go to June committee following consultation.
	Review the Sustainable Procurement Policy on an annual basis to ensure that any emerging Council commitments on climate change are incorporated to reflect the potential for rapid change in this policy area.	SPBS	Annual	BLUE	No changes identified for year ending 31 March 2024. The Sustainable Procurement Policy will next be reviewed in Summer 2024. Once the updated Policy is approved later this year it will be incorporated within the Procurement Strategy and thereafter both will be reviewed at the same time.
	Develop Regional Marine Plan.	NSI	2021-2025	AMBER	Work underway. Draft sent to Scottish Government November 2022. Due to delay from Scottish Ministers, the plan has not been signed off. Public consultation has been delayed while we wait for SG responses.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Develop climate change strategy and action plan.	NSI	2023-2025	GREEN	Work underway and will be reported against the Council Delivery Plan.
	Develop Local Heat and Energy Efficiency Strategy.	NSI	2023-2025	GREEN	Work underway, will be reported against in the NSI Directorate Delivery Plan.
	Develop long term financial plan. As A1 – Medium-Long Term Financial Plan.	ESR	2023-2024	BLUE	Medium term (five year) financial strategy completed in June 2023 with an update planned for June 2024 as financial situations have developed.
C2. Sustainable economic, social and environmental benefits.	Consideration of the Empowering Communities Small Works plan.	SPBS	2023-2024 extended to 2025	AMBER	Work is underway to develop this initiative.
D1. Determining interventions.	Submit revised Capital Project Appraisal process and new long-term strategic priorities to Council for approval in 2022 – 23.	ESR/ NSI	2022-2023 extended to 2025	AMBER	In progress, completion deferred to 2024/2025.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Present options for future Locality Planning to the Orkney Partnership Board in June 2022 and develop a new Locality Plan(s) in tandem with the new LOIP for 2023 - 26.	SPBS	2022-2023 extended to 2024.	BLUE	The new Locality Plan for the Ferry-Linked Isles was approved by the Board in December 2023 and is now owned by the Local Equality Delivery Group.
	Review of Sports and Leisure Service/ service re-design	ELH	2022 to end of 2024	GREEN	Review is in progress.
	Review of Culture Service/ service re-design	ELH	2024-2025	GREEN	Work is underway, but this is a large piece of work requiring significant resources.
	Implement actions arising from review of senior phase offer.	ELH	2026-2027	GREEN	In progress, incorporated in the Education Service Improvement Plan 2022-23. No local review had been created yet.
	Implementation of the Public Sector Improvement Framework across the Council.	SPBS	2023-2024 extended to 2024-2025	Amber	Pilot completed within SPBS and preparation for rollout across all Directorates is underway. Needs another year to be fully embedded.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Review of Broad General Education.	ELH	2023-2024	BLUE	This review has been completed and reported.
	Review of Library and archives.	ELH	2024-2026	GREEN	Internal review to be scheduled due to funding position.
	Corporate asset management plan (CAMP).	NSI	2023-2024, extended to 2025	AMBER	To be progressed in Summer 2024, timescale for completion is 2024-25.
	Review of the Education Service key indicators with Education Scotland.	ELH	2022-2023 extended to 2024	BLUE	Completed in June 2023.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
D2. Planning interventions.	<p>Locality plans for OHAC are required by statute and will be developed in 2022 – 23.</p> <p>The Strategic Plan Delivery Plan identifies taking forward locality planning through the establishment of locality planning groups for the health and social care partnership, linking with key partners and our community.</p>	OHAC	2022-2023 extended to 2024	AMBER	Through 2023-24 OHAC engaged on a six-weekly basis with the ferry-linked isles (one of our localities) through meetings with Chairs and Vice-Chairs of Community Councils. The challenge of delivering locality planning groups with limited officer resource and such a small population on the islands has made further progress limited. This is recognised nationally and work is underway to review locality planning through IJBs as part of the National Care Service work.
	All services are developing Service Plans for 2023-26 in tandem with the new Council Plan 2023–28.	All relevant services	2022-2024	AMBER	<p>New Council Plan adopted for 2023-2028.</p> <p>Directorate Improvement Plans for SPBS, ESR and NSI were presented to Committee by March 2024. A plan for ELH is still in development.</p>

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Establish a sustainable framework for the future planning, monitoring and reporting of children's services, including child poverty work.	OHAC	2022-2024	BLUE	<p>Child Poverty partnership work is now embedded in the Child Poverty Strategy 2022-26 and is tracked and monitored by the Cost of Living Task Force.</p> <p>Children's Services Plan 2023-26 is complete and the framework will be overseen by the Orkney Children's Services Strategic Group.</p>
D3. Optimising achievement of intended outcomes.	Review and update Efficiency Strategy.	ESR	2022-2024	BLUE	<p>Efficiency Strategy has been subsumed within the budget process and savings process and is now redundant.</p> <p>Table within the Budget Report about saving targets for the next three years serves a similar role.</p>
E1.	Implement Planning and Environmental Health workforce plans.	NSI	2022 to end of 2024	GREEN	Both completed with only minor changes to be made.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
Developing the entity's capacity.	Orkney Ferries are planning a cadet training scheme akin to the Merchant Navy.	ESR	2023-2026	BLUE	This scheme is now in progress with a specialist training provider. The apprentice scheme currently has four apprenticeships and is now business as usual.
E2. Developing the capability of the entity's leadership and other individuals.	ERD scheme to be reviewed.	SPBS	2023-2024	BLUE	Complete – Good Conversations process was launched in Autumn 2023.
F1. Managing risk.	Present the 2021-22 Chief Officers' Group Annual Report to the IJB, the Council, the Board of NHS Orkney, the Scottish Police Authority and the Orkney Community Planning Partnership Board.	OHAC	2022-2023 extended to 2024	BLUE	Chief Officers' Report 2021-22 was reported to the Orkney Partnership Board in December 2022. All the other bodies listed in the COG terms of reference are members of the Orkney Partnership Board.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Present the 2022-23 Chief Officers' Group Annual Report to the IJB, the Council, the Board of NHS Orkney, the Scottish Police Authority and the Orkney Community Planning Partnership Board.	OHAC	2023-2024	AMBER	Chief Officers' Report 2022-23 is scheduled to be reported to the Orkney Partnership Board on 20 June 2024. All the other bodies listed in the COG terms of reference are members of the Orkney Partnership Board.
	Review the Terms of Reference of the Chief Officers' Group with regard to annual reporting and present the COG Annual Report for 2023-24 to the Orkney Partnership Board.	OHAC	2024-2025	GREEN	Action to be progressed.
	Refresher risk management training.	NSI	2023-2024 Extended to Q2 24	GREEN	High confidence that this will be done before the calendar year. Aiming for end of Q2.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Develop a financial services risk register.	ESR	2023-2024	BLUE	Creation of a Service Risk Register for Directorate Delivery Plan renders the creation of a financial services risk register redundant. Subsumed into other registers including the service risk registers, pensions and investments risk registers.
F2. Managing performance.	Review and update of performance framework, and pilot in SPBS.	SPBS	2023-2024 extended to 2024-25	AMBER	Plan is to be completed and to CLT by end of year 2024/25.
	Complete implementation of the new performance framework across the Council.	SPBS	2023-2024 extended to 2024-25	AMBER	Once Framework agreed implementation can be completed. Extend deadline to complete within 2024 - 2025.
F3. Robust internal control.	Complete the review of the New Horizon system, supported by the Improvement Support Team. NH is the internal costing system	NSI	2022-2023 extended to 2024	BLUE	Review of the New Horizon system has been completed but next steps are to be decided.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Implement the recommended changes of the New Horizon system review	NSI	2024–2026	GREEN	Work underway. Action plans are being developed for the identification of a fleet management system, a job costing system and time sheet system.
F4. Managing data.	A review of the Council's Records Retention Schedule is due to be completed in March 2024.	SPBS	2023-2024	BLUE	Completed. Updates to the Council's Records Retention Schedule were presented to CLT on 17 November 2023.
	Upgrade Integra accounting system to Centros.	ESR	2023-2024	BLUE	Centros has been adopted with increased functionality.
F5. Strong public financial management.	Medium–Long Term financial strategy.	ESR	2023-2024	BLUE	Medium Term Financial Strategy reported to Policy and Resources Committee in June 2023.
	Complete summarised Corporate Improvement Agenda including anticipated benefits and outcomes.	SPBS	2023-2024 extended to 2024 - 2025	AMBER	Extended to 2024-25.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
G1. Implementing good practice in transparency.	Council Plan – develop a summarised “plan on a page”.	SPBS	2023-2024	AMBER	Draft completed – will be finished by end of calendar year.
G2. Implementing good practices in reporting.	None required.				
G3. Assurance and effective accountability	None required.				