

Item: 8

Policy and Resources Committee: 20 September 2022.

Local Code of Corporate Governance.

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

1. Purpose of Report

To consider an updated version of the Council's Local Code of Corporate Governance.

2. Recommendations

The Committee is invited to note:

2.1.

That the Council is required to maintain a Local Code of Corporate Governance which is consistent with the Chartered Institute of Public Finance and Accountancy Delivering Good Governance in Local Government Framework.

2.2.

That the Local Code of Corporate Governance has been revised and updated to reflect changes to the Council's governance and procedures since its last revision in 2017.

It is recommended:

2.3.

That the updated Local Code of Corporate Governance, attached as Appendix 1 to this report, be approved.

3. Revision of Local Code of Corporate Governance

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 Delivering Good Governance in Local Government Framework, and to conduct an annual self-assessment of its compliance with the Local Code.

3.2.

The Council's [Local Code of Corporate Governance](#) was last revised in 2017 in line with the revised 2016 edition of the Chartered Institute of Public Finance and Accountancy Framework and recommended for approval by the Policy and Resources Committee on 26 September 2017.

3.3.

There has been no change in the Chartered Institute of Public Finance and Accountancy Framework since 2017, but some of the internal references in the Council's Local Code of Corporate Governance have gone out of date since that time. The Local Code has therefore been updated to reflect those changes and the new version is attached to this report at Appendix 1.

3.4.

The main changes made are as follows:

- References to specific priorities or targets in plans cited (for example the Orkney Community Plan) have been replaced by hyperlinks to their web locations to prevent this new edition also becoming outdated.
- References to other cited documentation have been updated and hyperlinks added where available.
- A new section on the annual self-assessment process has been added at section 5.
- Annex 2 (the Council's internal controls) has been updated.
- Annex 3 (the template used internally for the annual self-assessment) has been updated to reflect the Council's new organisational structure.

3.5.

The Local Code of Corporate Governance is concerned with the Council's internal governance and procedures. It has no direct impact on outcomes for communities or individuals in Orkney, including people with protected characteristics with regard to the Equality Act 2010 and / or island residents with regard to the Islands (Scotland) Act 2018.

4. Corporate Governance

This report relates to the Council complying with governance and procedural issues and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

5. Financial Implications

There are no financial implications arising directly from this report.

6. Legal Aspects

Having sound governance arrangements in place helps to ensure that the Council complies with its statutory obligations, including the achievement of best value.

7. Contact Officers

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8. Appendix

Appendix 1: Local Code of Corporate Governance (revised 2022).



Local Code of Corporate Governance

Adopted 10 October 2017
This revision approved xx October 2022

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1. Introduction

- 1.1. Orkney Islands Council is responsible for ensuring that its business is conducted in accordance with the law, and with appropriate standards, and that public money is safeguarded, properly accounted for, and used ethically, economically, efficiently and effectively.
- 1.2. In discharging these responsibilities, elected members and all officers of the Council are committed to ensuring effective arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. These arrangements are documented in the Local Code of Corporate Governance (the Local Code).

2. Statutory Framework

- 2.1. Regulation 5(2) of the Local Authority Accounts (Scotland) Regulations 2014 requires a Scottish local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and include a statement reporting on the review as a part of the authority's Annual Accounts.
- 2.2. The "Delivering Good Governance in Local Government: Framework", originally published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in association with the Society of Local Authority Chief Executives (Solace) in 2007, sets the standard for local authority governance in the UK. The preparation and publication of an Annual Governance Statement in accordance with the Framework fulfils the statutory requirement for a local authority to review its system of internal control each year and to report on the review in its Statement of Accounts.

3. Corporate Governance

- 3.1. Sometimes defined as "the management of management", corporate governance is the system through which an organisation directs and controls its functions and relates to its local community and other stakeholders. The system of controls includes the way in which the organisation determines its strategy and objectives, and manages its business. Corporate governance in local government is concerned with structures and processes for decision making, accountability, control and behaviour at the level of the elected members and senior officers of the organisation.
- 3.2. Corporate governance is underpinned by the seven [Nolan Principles of Public Life](#):

1. Selflessness	Holders of public office should act solely in terms of the public interest.
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2. Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
3. Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
4. Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
5. Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
6. Honesty	Holders of public office should be truthful.
7. Leadership	Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

- 3.3. Corporate governance in Scottish local authorities is underpinned by the Delivering Good Governance in Local Government: Framework. CIPFA and Solace reviewed the Framework in 2015 to ensure it remained fit for purpose and published a revised edition in spring 2016, together with additional "Guidance Notes for Scottish Authorities".
- 3.4. The Council's Local Code of Corporate Governance (the Local Code) was revised in 2017 to reflect the 2016 edition of the Framework, and is consistent with the revised principles and requirements contained in the Framework. The Council adopted the present Local Code on 10 October 2017. The Local Code was updated in 2022, to reflect changes in the Council's management structure, plans and internal controls.
- 3.5. The sections that follow present a summary of the Local Code, based on the Principles in the Delivering Good Governance in Local Government: Framework (2016). Set out at Annexes 1, 2 and 3 is the detail of the Local Code, demonstrating that the Council has in place arrangements for monitoring each element of the Framework and for providing evidence of annual compliance.

4. The Council's Good Governance Principles

- 4.1. Acting in the public interest requires a commitment to and effective arrangements for:

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Principle B: Ensuring openness and comprehensive stakeholder engagement

- 4.2. Achieving good governance in local government also requires effective arrangements for:

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Principle E: Developing the Council's capacity, including the capability of its leadership and the individuals within it

Principle F: Managing risks and performance through robust internal control and strong public financial management

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Principle A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- 4.3. Good governance is established and maintained by means of robust structures, systems and procedures, but structures, systems and procedures on their own are not enough to ensure integrity.
- 4.4. The foundation of the Council's integrity is its culture. The Council's culture is demonstrated through the leadership, behaviour, openness and mutual respect of its elected members and chief officers.
- 4.5. Elected members demonstrate their commitment to ethical values in many ways including robust preparation for meetings, regular attendance at meetings, active participation in decision making, and registering and declaring their interests.
- 4.6. Chief officers demonstrate their commitment to ethical values by ensuring that their advice to elected members is objective, politically neutral and given

in good faith, that information is accurate, and that formal recommendations to the Council are based on sound analysis and professional judgement.

4.7. The Council's commitment to high standards of conduct, and respect for the rule of law, is evidenced by its adoption of a range of robust structures, systems and procedures, including:

- [Code of Conduct for Councillors.](#)
- [Code of Conduct for Employees.](#)
- [Members' Declarations of Interest.](#)
- [Financial Regulations.](#)
- [Standing Orders.](#)
- [Scheme of Administration.](#)
- [Scheme of Delegation to Officers.](#)
- [Equality Outcomes and Annual Reports.](#)
- [Whistleblowing Policy and Procedure.](#)
- [Corporate Anti-Fraud Policy.](#)

Principle B

Ensuring openness and comprehensive stakeholder engagement

4.8. Elected members are accountable to their local communities through the democratic process of electing a new Council every five years. Elected members are also accountable to the public for ensuring transparency in decision making. To that end, Council committee and sub-committee meetings are held in public, and only where there is a legal requirement to do so will a particular agenda item be considered in private. Council meetings held in public are audio cast live and recordings are available afterwards online.

4.9. To communicate the Council's activities, achievements, financial position and performance, the Council publishes each year an Annual Performance Report, its Annual Accounts and, on behalf of The Orkney Partnership, an annual report on the current Local Outcomes Improvement Plan.

4.10. To enable service users and the public to influence the planning, provision and development of Council services, the Council has in place a number of services, processes and resources. These provide service users and the public with opportunities to give their views about their needs and the needs of their communities, and the ways that they believe services should be provided and developed. They include:

- [Community Consultation and Engagement Policy.](#)
- [Political Engagement Strategy.](#)

- The Orkney Partnership's [Consultation and Engagement Guide](#) (adopted by the Council).
 - The [Community Council](#) network and liaison service.
 - [Current Council consultations](#) available online.
 - [Multiple channels for public engagement](#), whether in person, by phone or online (detailed on the Council's website and relevant publications).
 - [Freedom of Information \(FOI\) requests](#).
 - [Participation Requests Policy](#) and published decision notices.
 - [Annual Performance Reports](#).
 - [Complaints procedure](#).
- 4.11. Training in community consultation and engagement, building on the Scottish Government's National Standards for Community Engagement, is arranged for Council and Partnership managers and staff, as required. Seminars for elected members are arranged periodically.

Principle C

Defining outcomes in terms of sustainable economic, social, and environmental benefits

- 4.12. Orkney Islands Council publishes its strategic mission, values, priorities and planned outcomes in the [Council Plan](#). A [Delivery Plan](#) is published alongside the Council Plan, setting out the actions which the Council will undertake over the plan period to achieve its planned outcomes.
- 4.13. As a statutory facilitating partner in The Orkney Partnership, the Council also subscribes to the strategic priorities and outcomes held by the Partnership. These are defined in the [Orkney Community Plan](#), which incorporates Orkney's statutory Local Outcomes Improvement Plan (LOIP).
- 4.14. Both the Council Plan and the Community Plan place a high value on sustainability and identify the economic, social and environmental benefits which they aim to achieve through their planning processes.

Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

- 4.15. The actions contained in the Delivery Plan are assigned to Corporate Directors to progress through their service teams. All actions are recorded on the Council's online performance management system and named officers are assigned to the roles of data owner and updater. Progress is monitored quarterly through the Corporate Leadership Team and reported to

the Policy and Resources Committee for scrutiny. The Council Plan and Delivery Plan are refreshed mid-way through a Council term and updated as necessary.

- 4.16. The Council maintains a suite of Service-level operational plans which detail the projects and activities through which these actions are to be progressed. Service plans document the core services and activities of Council services and how these will be delivered and funded over the coming three years. These are maintained by Corporate Directors on a rolling basis. All Service plan actions are recorded on the Council's online performance management system and named officers are assigned to the roles of data owner and updater. Progress is reported twice a year and reported to the relevant Service Committee.
- 4.17. The strategic priorities and outcomes contained in the Orkney Community Plan are assigned by the Orkney Partnership Board to Delivery Groups, one for each strategic priority, chaired by members of the Board. The Delivery Groups translate them into specific actions and projects within their own action plans, and oversee their delivery, monitoring and reporting. Progress is reported to the Orkney Partnership Board.
- 4.18. Where a proposed course of action requires the approval of elected members, a report is submitted to the relevant committee. Every report submitted to committee includes a paragraph entitled Links to Council Plan, which identifies which (if any) of the Council's strategic priorities will be progressed by the recommendations contained in the report. A similar paragraph entitled Links to Local Outcomes Improvement Plan serves the same purpose with regard to the Community Plan. This enables elected members to make an informed decision. All Council decisions are followed up: where appropriate they are recorded on the Council's online performance management system and named officers are assigned to the roles of data owner and updater. Progress is monitored twice a year and the results made available to elected members.

Principle E

Developing the Council's capacity, including the capability of its leadership and the individuals within it

- 4.19. Elected members direct and control the Council in the public interest, carrying out various functions of which five are central to their role:
 - Within the context of the Orkney Community Plan, and in consultation with the Chief Executive and Corporate Directors, establish the Council's strategic direction and aims.
 - Through the Scheme of Administration, ensure that policy decisions are made.
 - Ensure accountability to the public for the Council's performance.

- Delegate to the Chief Executive and to Corporate Directors the executive management of the Council, in accordance with the Scheme of Administration.
 - Through the Standing Orders, Contract Standing Orders and Financial Regulations, ensure that the Council is managed with probity and integrity, and within the resources at its disposal.
- 4.20. It is the role of elected members to make policy decisions, while taking into account advice received from the Chief Executive and Corporate Directors. The role of the Chief Executive and Corporate Directors is to implement policy decisions, with progress scrutinised by elected members.
- 4.21. Due to the complex and demanding nature of their roles and responsibilities, and the constantly changing policy environment, elected members and senior officers are provided with a range of support services to ensure that they have the necessary knowledge and skills to be fully effective. They are also encouraged to access complementary support services provided by the Improvement Service, the Scottish Government and other agencies.
- 4.22. Elected members require a range of essential skills and abilities which equip them to be effective in the following tasks:
- To represent their ward and the local community.
 - To scrutinise and challenge policy, performance and the use of resources.
 - To know when expert advice from outside the Council might be required.
 - To act as an ambassador for the Council, and for Orkney.
 - To lead and influence others.
- 4.23. To meet the development needs of elected members, the following provision is in place:
- Elected member role description.
 - Elected member induction programme.
 - Elected member induction manual.
 - Regular briefing notes from senior officers.
 - Elected member seminar programme in respect of legislative changes, economic development opportunities, new service proposals etc.
 - iLearn, the Council's online learning system, including Induction Notebooks for Elected Members provided by the improvement Service.
 - Continuing Professional Development Framework for elected members in Scottish local government.

- 4.24. To meet the development needs of Council managers and staff, the following provision is in place:
- Corporate Learning and Development Policy and Procedure.
 - A training programme of short courses in a wide range of topics, designed to build capacity in both management and vocational skills.
 - Employee Review and Development Scheme, designed to help staff to achieve their full potential by identifying training needs and addressing ways of meeting them.
 - iLearn, the Council's online learning system, offering e-modules in mandatory induction and training courses, the Council's Competency Framework, role-specific training, leadership and management.
 - Support for Continuing Professional Development in the regulated professions.
- 4.25. Elected members and staff have ready access via the Council's information portal to a full range of Council policies, strategies and guidelines. Committee agendas, minutes, reports and other public documents are available via the Council's main website.

Principle F

Managing risks and performance through robust internal control and strong public financial management

- 4.26. Managing risks and ensuring strong financial management is the responsibility of the Chief Executive, the Corporate Directors and the Heads of Service as chief officers. The roles of chief officers are defined in agreed contracts of employment and job descriptions, and their performance is reviewed annually through the Council's Employee Review and Development arrangements. In addition, the Council has two statutory roles for chief officers: the Monitoring Officer and the Chief Social Work Officer, plus the quasi-statutory role of Chief Finance Officer (Section 95 Officer).
- 4.27. The Chief Finance Officer is responsible for ensuring appropriate advice to the Council on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control under the terms of the Financial Regulations. This role is held by the Corporate Director for Enterprise and Sustainable Regeneration.
- 4.28. The Monitoring Officer is responsible for ensuring appropriate advice to the Council on legal matters, for monitoring the behaviour and conduct of Council committees, sub-committees and officers, and for raising issues or concerns over the legality of any proposed course of action and reporting that concern the Council. The Monitoring Officer consults with the Chief Executive and Section 95 Officer in preparing any such report. This role is held by the Head of Legal and Governance, reporting to the Corporate Director for Strategy, Performance and Business Solutions.

- 4.29. The Chief Social Work Officer is responsible for ensuring appropriate advice to the Council on social work and social care matters, and for highlighting where a Council policy might endanger lives or welfare. This role is held by the Chief Social Work Officer/Head of Children, Families and Criminal Justice, reporting to the Chief Officer, Orkney Health and Social Care Partnership.
- 4.30. Council decisions are important: they determine the services relied upon by the people of Orkney, now and into the future. At the centre of Council decision making is the Scheme of Administration, which lists all of the Council's committees and sub-committees and specifies the areas of Council services and activities that are the responsibility of each.
- 4.31. Prior to submission, Council committee and sub-committee reports are scrutinised by the Committee Services team on behalf of the Chief Executive, to ensure that recommended practice is followed. Reports are formally considered and signed off by the Head of Finance and the Head of Legal and Governance, thereby ensuring that any legal or financial implications relating to the recommendations within the report are made explicit for the consideration of elected members prior to making their decisions. Any reports containing recommendations relating to new policy, practice or procedures are accompanied by an Equality Impact Assessment and, where there is likely to be an effect on an island community which is significantly different from its effect on other communities (including other island communities) within Orkney, an Island Communities Impact Assessment.
- 4.32. Good decision-making is complex and challenging, and elected members must have at their disposal the right information. The management of risk is particularly important, enabling the Council to identify threats to its core services, and to proposed developments and improvements, and ensuring that action is taken to mitigate the possible adverse effects of these risks. This is implemented through a suite of Risk Registers and associated Risk Management Action Plans.
- 4.33. All risk management documentation is recorded and monitored on the Council's online performance and risk management system. The use of this system in managing action plans and committee decisions has been included under Principle D above. In addition, the system is used for recording and monitoring actions relating to the Local Government Benchmarking Framework indicators, internal and external audit recommendations, the Local Code of Corporate Governance and self-evaluation, as well as the archiving of older plans and assessments. The performance and risk management system is a vital element in the Council's system of internal controls and greatly facilitates the presentation of performance indicators to elected members for scrutiny and to inform decision-making.

- 4.34. Robust internal control is the focus of the internal audit function, which provides an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 4.35. The Chartered Institute of Public Finance and Accountancy maintains that good financial management is fundamental to establishing confidence in the public services and good relationships with the taxpayer and other funders. The Corporate Leadership Team collectively set the tone that financial management is core to achieving strategic aims, and to demonstrating that public money is used well. The financial management of the Council is carried out in accordance with the delegations contained in the Scheme of Administration and the Scheme of Delegation to Officers, as well as the rules established by the Council's Financial Regulations.
- 4.36. The Finance Service delivers operational financial functions for the Council including the payment of creditors and staff payroll, debt collection and the collection of local taxation. The Finance Service also performs many of the Financial Management functions of the Council, including:-
- Oversight of the financial consequences of major decisions of the Council through the Committee reporting processes.
 - Preparation of annual budgets and budgetary control through the monitoring and reporting of income and expenditure against budget.
 - Preparation of the Council's Annual Statement of Accounts.
 - Preparation of the Council's Medium Term Financial Strategy.
 - Preparation and monitoring of the Capital Programme.

Principle G

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- 4.37. Council committee and sub-committee meetings are held in public. Only where there is a legal requirement to do so will a particular agenda item be considered in private. All Council committee meetings are webcast in live audio, with the recording available thereafter for download from the Council's public website.
- 4.38. At the beginning of Council committee and sub-committee meetings, the Chair asks the elected members present if they have any declarations of interest to make with regard to any of the agenda items. Should this be the case, the member concerned will leave the Council Chamber for the relevant item, thus ensuring that decisions are made without any conflict of interest.

- 4.39. One week prior to a committee or sub-committee meeting, the agenda and associated reports are distributed to the elected members who will be present, to the chief officers who will be in attendance, and to the public via the Council's website. Once the minutes of the meetings have been approved at the following General Meeting of the Council, these are also posted on the Council's website.
- 4.40. The Monitoring and Audit Committee has a remit to monitor the way in which the Council's policies and decisions are implemented. The Committee is also responsible for ensuring that arrangements are in place for the effective use of Council resources, and for promoting high standards of conduct by elected members of the Council. Membership of the Monitoring and Audit Committee is open to any councillor other than the Convener, Leader, Depute Leader and the Chair of a service committee.
- 4.41. In order to communicate the Council's activities, achievements, financial position and performance, the Council publishes each year an annual report on the Orkney Community Plan (incorporating Orkney's Local Outcomes Improvement Plan), its Annual Accounts and its Annual Performance Report.

5. Annual Self-Assessment

- 5.1. In order to support Orkney Islands Council's Local Code of Corporate Governance, it is essential that the details of the principles, supporting principles and internal controls are fully documented, and known to relevant officers.
- 5.2. An annual self-assessment of the extent to which the Council meets the requirements of the Local Code is led by officers from the Improvement and Performance team, with the participation of all Corporate Directors and Heads of Service. The template used for this purpose is attached at Annex 3 and records evidence of compliance, including relevant plans, policies and internal control mechanisms, against each of the Principles A to G and their supporting sub-principles.
- 5.3. The self-assessment is reviewed by the Corporate Leadership Team and compliance with each sub-principle scored 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.
- 5.4. Any actions required to improve compliance are documented in an Improvement Action Plan which is submitted to the Monitoring and Audit Committee for scrutiny.

6. Annexes

- 6.1. **Annex 1** lists the seven CIPFA/SOLACE Principles A to G, along with the respective supporting sub-principles and requirements of each.
- 6.2. **Annex 2** lists all of the structures, systems and procedures that enable Orkney Islands Council to meet the requirements of the CIPFA/SOLACE Principles – these structures, systems and procedures are, for the purposes of the Local Code, known collectively as internal controls.
- 6.3. **Annex 3** comprises the self-assessment template used to assess the extent to which the Council meets the requirements of the CIPFA/SOLACE Principles.

Delivering Good Governance in Local Government: Framework

2016 Edition

Chapter Six \ The Principles Of Good Governance – Application

Core principles and sub-principles of good governance

Core principles (shown in bold)	Sub-principles (shown in bold)
<p>Acting in the public interest requires a commitment to and effective arrangements for:</p>	<p>Behaviours and actions that demonstrate good governance in practice are illustrated in the bullet points.</p>
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p>Behaving with integrity</p> <ul style="list-style-type: none"> • Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation • Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles) • Leading by example and using the above standard operating principles or values as a framework for decision making and other actions • Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively <p>Demonstrating strong commitment to ethical values</p> <ul style="list-style-type: none"> • Seeking to establish, monitor and maintain the organisation's ethical standards and performance • Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values • Ensuring that external providers of services on behalf of the organisation are required to act with

Core principles (shown in bold)	Sub-principles (shown in bold)
	<p>integrity and in compliance with ethical standards expected by the organisation</p> <p>Respecting the rule of law</p> <ul style="list-style-type: none"> • Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations • Creating the conditions to ensure that the statutory officers, other key post holders. and members. are able to fulfil their responsibilities in accordance with legislative and regulatory requirements • Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders • Dealing with breaches of legal and regulatory provisions effectively • Ensuring corruption and misuse of power are dealt with effectively
<p>B. Ensuring openness and comprehensive stakeholder engagement</p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p>Openness</p> <ul style="list-style-type: none"> • Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness • Making decisions that are open about actions. plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case. a justification for the reasoning for keeping a decision confidential should be provided • Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course. ensuring that the impact and consequences of those decisions are clear • Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action <p>Engaging comprehensively with institutional stakeholders</p> <p>NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other</p>

Core principles (shown in bold)	Sub-principles (shown in bold)
	<p>public or third sector organisations) or organisations to which they are accountable.</p> <ul style="list-style-type: none"> • Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably • Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively • Ensuring that partnerships are based on: <ul style="list-style-type: none"> ○ trust ○ a shared commitment to change ○ a culture that promotes and accepts challenge among partners <p>and that the added value of partnership working is explicit</p> <p>Engaging with individual citizens and service users effectively</p> <ul style="list-style-type: none"> • Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes • Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement • Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs • Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account • Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity • Taking account of the impact of decisions on future generations of tax payers and service users

Core principles (shown in bold)	Sub-principles (shown in bold)
<p>In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:</p>	<p>Behaviours and actions that demonstrate good governance in practice are illustrated in the bullet points.</p>
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>Defining outcomes</p> <ul style="list-style-type: none"> • Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions • Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer • Delivering defined outcomes on a sustainable basis within the resources that will be available • Identifying and managing risks to the achievement of outcomes • Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available <p>Sustainable economic, social and environmental benefits</p> <ul style="list-style-type: none"> • Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision • Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs • Ensuring fair access to services

Core principles (shown in bold)	Sub-principles (shown in bold)
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.</p>	<p>Determining interventions</p> <ul style="list-style-type: none"> • Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided • Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts <p>Planning interventions</p> <ul style="list-style-type: none"> • Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets • Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered • Considering and monitoring risks facing each partner when working collaboratively, including shared risks • Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances • Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured • Ensuring capacity exists to generate the information required to review service quality regularly • Preparing budgets in accordance with objectives, strategies and the medium term financial plan • Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy <p>Optimising achievement of intended outcomes</p>

Core principles (shown in bold)	Sub-principles (shown in bold)
	<ul style="list-style-type: none"> • Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term • Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage • Ensuring the achievement of 'social value' through service planning and commissioning
<p>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</p> <p>Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the</p>	<p>Developing the entity's capacity</p> <ul style="list-style-type: none"> • Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness • Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently • Recognising the benefits of partnerships and collaborative working where added value can be achieved • Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources <p>Developing the capability of the entity's leadership and other individuals</p> <ul style="list-style-type: none"> • Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained • Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body • Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the

Core principles (shown in bold)	Sub-principles (shown in bold)
<p>structure and diversity of communities.</p>	<p>delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</p> <ul style="list-style-type: none"> • Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> ○ ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged ○ ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis ○ ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external • Ensuring that there are structures in place to encourage public participation • Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections • Holding staff to account through regular performance reviews which take account of training or development needs • Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing
<p>F. Managing risks and performance through robust internal control and strong public financial management</p> <p>Local government needs to ensure that the organisations and governance structures that it</p>	<p>Managing risk</p> <ul style="list-style-type: none"> • Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making

Core principles (shown in bold)	Sub-principles (shown in bold)
<p>oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.</p> <p>Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</p> <p>It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<ul style="list-style-type: none"> • Implementing robust and integrated risk management arrangements and ensuring that they are working effectively • Ensuring that responsibilities for managing individual risks are clearly allocated <p>Managing performance</p> <ul style="list-style-type: none"> • Monitoring service delivery effectively including planning, specification, execution and independent post implementation review • Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook • Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (Or, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making • Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement • Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements) <p>Robust internal control</p> <ul style="list-style-type: none"> • Aligning the risk management strategy and policies on internal control with achieving objectives • Evaluating and monitoring risk management and internal control on a regular basis • Ensuring effective counter fraud and anti-corruption arrangements are in place • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of

Core principles (shown in bold)	Sub-principles (shown in bold)
	<p>governance, risk management and control is provided by the internal auditor</p> <ul style="list-style-type: none"> • Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> ○ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon <p>Managing data</p> <ul style="list-style-type: none"> • Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data • Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies • Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring <p>Strong public financial management</p> <ul style="list-style-type: none"> • Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls
<p>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent</p>	<p>Implementing good practice in transparency</p> <ul style="list-style-type: none"> • Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate • Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand <p>Implementing good practices in reporting</p>

Core principles (shown in bold)	Sub-principles (shown in bold)
<p>manner. Both external and internal audit contribute to effective accountability.</p>	<ul style="list-style-type: none"> • Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way • Ensuring members and senior management own the results reported • Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement) • Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate • Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations <p>Assurance and effective accountability</p> <ul style="list-style-type: none"> • Ensuring that recommendations for corrective action made by external audit are acted upon • Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations • Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement • Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met

Local Code of Corporate Governance: Internal Controls

These lists identify some of the principal control measures in place within the Council but are not exclusive: for example, the Council is a member of many specialised partnership bodies and arrangements not listed here.

Council committees and administration

- General Meeting of Orkney Islands Council
- Monitoring and Audit Committee
- Service committees and sub-committees
- Scheme of Administration
- Scheme of Delegation to Officers
- Local Code of Corporate Governance
- Standing Orders
- Appointed Monitoring Officer

Partnership bodies and arrangements

- The Orkney Partnership
- Orkney Health and Care
- Children's Panel
- Chief Officers' Group
- Service level agreements

Strategic and service level planning

- Strategic Planning Framework
- Orkney Community Plan (incorporating Orkney's Local Outcomes Improvement Plan)
- The Council Plan
- Service planning guidance
- Service plans
- Corporate and service risk registers
- Business continuity plans
- Equality impact assessments
- Island Communities Impact Assessments
- Community Resilience Service
- Health and Safety Service
- Strategy and Partnership Service

Finance

- Annual Statements of Accounts
- Annual Efficiency Statement
- Financial Regulations
- Appointed Section 95 Officer
- Accountancy Section – final accounts procedures
- Budget setting
- Capital project appraisal system
- Capital Programme approval and management
- Contract Standing Orders

ANNEX 2

- Anti-fraud and Anti-corruption Strategy and Policies
- Statement on the System of Internal Financial Control
- Following the Public Pound Policy
- Treasury management practices
- Treasury Management Strategy Statement and Annual Investment Strategy
- Budget Strategy and Planning
- Budget monitoring and control

External and internal audit

- External Audit
- Internal Audit
- Shared Risk Assessment: Assurance and Improvement Plan
- External and internal audit reports
- External Audit Annual Report to the Council and Controller of Audit
- Annual Assurance Report from Chief Internal Auditor

Communications

- Communications Strategy
- ICT Strategy
- Community Consultation and Engagement Policy
- The Orkney Partnership Consultation and Engagement Guide
- Community consultation and engagement training
- Consultation and Engagement Officers' Network

Performance

- Service Review Framework
- How Good is Our Council?
- Corporate Plan Monitoring Report
- Service plan monitoring reports
- Local Outcomes Improvement Plan and other local and national key performance indicators
- Local Government Benchmarking Framework
- Corporate Complaints Procedure
- Local Outcomes Improvement Plan Annual Report
- Public Performance Reporting including the Annual Performance Report

Management teams

- Corporate Leadership Team
- Extended Corporate Leadership Team
- Performance and Risk Management Team
- Service management teams
- Corporate Protection Group

Elected members

- Elected member induction programme
- Elected member role description
- The National Code of Conduct for Councillors

ANNEX 2

- Local Government (Scotland) Act 2004 (Remuneration) Regulations 2007
- Elected member induction manual.
- Continuous professional development for elected members, including the online Continuous Professional Development Framework and Development Programme.
- Elected member training plans.
- Elected member seminar programme in respect of legislative changes, economic developments, service proposals etc.
- Electronic access to the full range of Council policies, strategies, guidelines, reports etc.
- Business and ICT support.

Officers

- List of Politically Restricted Posts
- Staff job descriptions and person specifications
- The Council's Code of Conduct for Employees
- Single Status
- Staff induction
- Learning and Development Policy
- Personal Review and Development Scheme
- Reporting Concerns at Work Procedure
- Equal Opportunity Employment Policy
- Disciplinary Policy and Procedure
- Disciplinary Rules
- Grievance Policy and Procedure
- Dignity at Work Policy and Procedure
- Staff surveys
- Substance Misuse Policy
- Capability Policy
- Stress Management Policy
- Managing Sickness Absence Policy and Procedures
- Guidelines on use of Social Media by staff
- iLearn staff training package and monitoring of completed training

ANNEX 3

Orkney Islands Council: Local Code of Corporate Governance

Self-Assessment Template

Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Score
Sub-principle A1	Behaving with integrity	
Sub-principle A2	Demonstrating strong commitment to ethical values	
Sub-principle A3	Respecting the rule of law	

Principle B.	Ensuring openness and comprehensive stakeholder engagement.	Score
Sub-principle B1.	Openness.	
Sub-principle B2.	Engaging comprehensively with institutional stakeholders.	
Sub-principle B3.	Engaging with individual citizens and service users effectively.	

Principle C.	Defining outcomes in terms of sustainable economic, social, and environmental benefits.	Score
Sub-principle C1.	Defining outcomes.	
Sub-principle C2.	Sustainable economic, social and environmental benefits.	

Principle D.	Determining the interventions necessary to optimise the achievement of the intended outcomes.	Score
Sub-principle D1.	Determining interventions.	
Sub-principle D2.	Planning interventions.	
Sub-principle D3.	Optimising achievement of intended outcomes.	

Principle E.	Developing the entity's capacity, including the capability of its leadership and the individuals within it.	Score
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Sub-principle E1. Developing the entity's capacity.

Sub-principle E2. Developing the capability of the entity's leadership and other individuals.

Principle F.	Managing risks and performance through robust internal control and strong public financial management.	Score
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Sub-principle F1. Managing risk.

Sub-principle F2. Managing performance.

Sub-principle F3. Robust internal control.

Sub-principle F4. Managing data.

Sub-principle F5. Strong public financial management.

Principle G.	Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	Score
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Sub-principle G1. Implementing good practice in transparency.

Sub-principle G2. Implementing good practices in reporting.

Sub-principle G3. Assurance and effective accountability.

Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Sub-principle A1	Behaving with integrity
Requirements	
A1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
A1.2	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).
A1.3	Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.
A1.4	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	
Self-assessment score	
Planned updates and improvement actions	

Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Sub-principle A2	Demonstrating strong commitment to ethical values
Requirements.	
A2.1	Seeking to establish, monitor and maintain the organisation's ethical standards and performance.
A2.2	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.
A2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.
A2.4	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	
Self-assessment score	
Planned updates and improvement actions	

Principle A.	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
Sub-principle A3.	Respecting the rule of law.
Requirements.	
<p>A3.1. Ensuring members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations.</p> <p>A3.2. Creating the conditions to ensure that the statutory officers, other key post holders, and members, can fulfil their responsibilities in accordance with legislative and regulatory requirements.</p> <p>A3.3. Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.</p> <p>A3.4. Dealing with breaches of legal and regulatory provisions effectively.</p> <p>A3.5. Ensuring corruption and misuse of power are dealt with effectively.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	
Self-assessment score	
Planned updates and improvement actions	

Principle B.	Ensuring openness and comprehensive stakeholder engagement.
Sub-principle B1.	Openness.
Requirements.	
<p>B1.1. Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.</p> <p>B1.2. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.</p> <p>B1.3. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</p> <p>B1.4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	
Self-assessment score	
Planned updates and improvement actions	

Principle B.	Ensuring openness and comprehensive stakeholder engagement.
Sub-principle B2.	<p>Engaging comprehensively with institutional stakeholders.</p> <p>NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.</p>
Requirements.	
<p>B2.1. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</p> <p>B2.2. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</p> <p>B2.3. Ensuring that partnerships are based on:</p> <ul style="list-style-type: none"> • Trust. • A shared commitment to change. • A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit. 	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	

Self-assessment score	
Planned updates and improvement actions	

Principle B.	Ensuring openness and comprehensive stakeholder engagement.
Sub-principle B3.	Engaging with individual citizens and service users effectively.
Requirements.	
<p>B3.1. Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p> <p>B3.2. Ensuring that communication methods are effective, and that members and officers are clear about their roles with regard to community engagement.</p> <p>B3.3. Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.</p> <p>B3.4. Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.</p> <p>B3.5. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</p> <p>B3.6. Taking account of the impact of decisions on future generations of tax payers and service users.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	
Self-assessment score	

Planned updates and improvement actions

Principle C.	Defining outcomes in terms of sustainable economic, social, and environmental benefits.
Sub-principle C1.	Defining outcomes.
Requirements.	
<p>C1.1. Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions.</p> <p>C1.2. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.</p> <p>C1.3. Delivering defined outcomes on a sustainable basis within the resources that will be available.</p> <p>C1.4. Identifying and managing risks to the achievement of outcomes.</p> <p>C1.5. Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	
Self-assessment score	
Planned updates and improvement actions	

Principle C.	Defining outcomes in terms of sustainable economic, social, and environmental benefits.
Sub-principle C2.	Sustainable economic, social and environmental benefits.
Requirements.	
<p>C2.1. Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.</p> <p>C2.2. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.</p> <p>C2.3. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</p> <p>C2.4 Ensuring fair access to services.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	
Self-assessment score	
Planned updates and improvement actions	

Principle D.	Determining the interventions necessary to optimise the achievement of the intended outcomes.
Sub-principle D1.	Determining interventions. <i>[Demonstrating how you decide what your service should be doing, and proving that you take consultation feedback and alternative options into account before making decisions.]</i>
Requirements.	
<p>D1.1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided.</p> <p>D1.2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	
Self-assessment score	
Planned updates and improvement actions	

Principle D.	Determining the interventions necessary to optimise the achievement of the intended outcomes.
Sub-principle D2.	Planning interventions. <i>[Evidence of service planning, budgeting and service risk management]</i>
Requirements.	
<p>D2.1. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</p> <p>D2.2. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</p> <p>D2.3. Considering and monitoring risks facing each partner when working collaboratively, including shared risks.</p> <p>D2.4. Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.</p> <p>D2.5. Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.</p> <p>D2.6. Ensuring capacity exists to generate the information required to review service quality regularly.</p> <p>D2.7. Preparing budgets in accordance with objectives, strategies and the medium term financial plan.</p> <p>D2.8. Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	

Self-assessment score	
Planned updates and improvement actions	

Principle D.	Determining the interventions necessary to optimise the achievement of the intended outcomes.
Sub-principle D3.	<p>Optimising achievement of intended outcomes.</p> <p><i>[Evidencing what you do to make sure your plans work and that you have the necessary resources to see them through.</i></p> <p><i>Social value is things that improve people's lives but can't necessarily be quantified i.e. added value]</i></p>
Requirements.	
<p>D3.1. Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints.</p> <p>D3.2. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</p> <p>D3.3. Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</p> <p>D3.4. Ensuring the achievement of 'social value' through service planning and commissioning.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
Enterprise and Sustainable Regeneration – Service-specific evidence	
Orkney Health and Care – Service-specific evidence	
Self-assessment score	

Planned updates and improvement actions

Principle E.	Developing the entity's capacity, including the capability of its leadership and the individuals within it.
Sub-principle E1.	Developing the entity's capacity. <i>[Evidence of workforce planning, succession planning, recruitment, asset management, co-production]</i>
Requirements.	
<p>E1.1. Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</p> <p>E1.2. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.</p> <p>E1.3. Recognising the benefits of partnerships and collaborative working where added value can be achieved.</p> <p>E1.4. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
Neighbourhood Services and Infrastructure - Service-specific evidence	
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Principle E.	Developing the entity's capacity, including the capability of its leadership and the individuals within it.
Sub-principle E2.	Developing the capability of the entity's leadership and other individuals. <i>[Evidence of clear understanding of who does what, training and induction for Members and management, ERD, wellbeing, response to feedback]</i>

Requirements.

- E2.1. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.
- E2.2. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.
- E2.3. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.
- E2.4. Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:
- Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.
 - Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.
 - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.
- E2.5. Ensuring that there are structures in place to encourage public participation.
- E2.6. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.
- E2.7. Holding staff to account through regular performance reviews which take account of training or development needs.
- E2.8. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

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Principle F.	Managing risks and performance through robust internal control and strong public financial management.
Sub-principle F1.	Managing risk.
Requirements.	
<p>F1.1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.</p> <p>F1.2. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.</p> <p>F1.3. Ensuring that responsibilities for managing individual risks are clearly allocated.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
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Principle F.	Managing risks and performance through robust internal control and strong public financial management.
Sub-principle F2.	Managing performance.
Requirements.	
<p>F2.1. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.</p> <p>F2.2. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.</p> <p>F2.3. Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible.</p> <p>(Or, for a committee system)</p> <p>Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.</p> <p>F2.4. Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.</p> <p>F2.5. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
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Principle F.	Managing risks and performance through robust internal control and strong public financial management.
Sub-principle F3.	Robust internal control.
Requirements.	
<p>F3.1. Aligning the risk management strategy and policies on internal control with achieving objectives.</p> <p>F3.2. Evaluating and monitoring risk management and internal control on a regular basis.</p> <p>F3.3. Ensuring effective counter fraud and anti-corruption arrangements are in place.</p> <p>F3.4. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.</p> <p>F3.5. Ensuring an audit committee or equivalent group / function, which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> • Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment <p>That its recommendations are listened to and acted upon.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
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Principle F.	Managing risks and performance through robust internal control and strong public financial management.
Sub-principle F4.	Managing data.
Requirements.	
<p>F4.1. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</p> <p>F4.2. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.</p> <p>F4.3. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
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Principle F.	Managing risks and performance through robust internal control and strong public financial management.
Sub-principle F5.	Strong public financial management.
Requirements.	
F5.1. Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.	
F5.2. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.	
Strategy, Performance and Business Solutions – Service-specific evidence	
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Principle G.	Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
Sub-principle G1.	Implementing good practice in transparency.
Requirements.	
G1.1. Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.	
G1.2. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.	
Strategy, Performance and Business Solutions – Service-specific evidence	
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Principle G.	Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
Sub-principle G2.	Implementing good practices in reporting. <i>[This includes making sure that the LCCG self-assessment is reported on and improvement actions put into a plan]</i>
Requirements.	
<p>G2.1. Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.</p> <p>G2.2. Ensuring members and senior management own the results reported.</p> <p>G2.3. Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).</p> <p>G2.4. Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.</p> <p>G2.5. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
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Principle G.	Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
Sub-principle G3.	Assurance and effective accountability. <i>[Demonstrating you respond well to audits and inspections; and that accountability is made clear in contracts with third parties and in partnership working]</i>
Requirements.	
<p>G3.1. Ensuring that recommendations for corrective action made by external audit are acted upon.</p> <p>G3.2. Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.</p> <p>G3.3. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.</p> <p>G3.4. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.</p> <p>G3.5. Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.</p>	
Strategy, Performance and Business Solutions – Service-specific evidence	
Education, Leisure and Housing – Service-specific evidence	
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Local Code of Corporate Governance Self-Assessment Template

Improvement Action Plan

Key

SPBS Strategy, Performance and Business Solutions.

NSI Neighbourhood Services and Infrastructure.

ESR Enterprise and Sustainable Regeneration.

ELH Education, Leisure and Housing.

OHAC Orkney Health and Care.

Sub-principle.	Planned updates and identified improvements.
A1. Behaving with integrity.	•
A2. Demonstrating strong commitment to ethical values.	•
A3. Respecting the rule of law.	•
B1. Openness.	•
B2. Engaging comprehensively with institutional stakeholders.	•
B3. Engaging with individual citizens and service users effectively.	•
C1. Defining outcomes.	•

Sub-principle.	Planned updates and identified improvements.
C2. Sustainable economic, social and environmental benefits.	•
D1. Determining interventions.	•
D2. Planning interventions.	•
D3. Optimising achievement of intended outcomes.	•
E1. Developing the entity's capacity.	•
E2. Developing the capability of the entity's leadership and other individuals.	•
F1. Managing risk.	•
F2. Managing performance.	•
F3. Robust internal control.	•

Sub-principle.	Planned updates and identified improvements.
F4. Managing data.	•
F5. Strong public financial management.	•
G1. Implementing good practice in transparency.	•
G2. Implementing good practices in reporting.	•