

Draft Version - subject to approval by Joint Committee June 22

LOCAL CODE OF CORPORATE GOVERNANCE

JUNE 2022

Introduction - Delivering Good Governance

Corporate governance is about how an organisation ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open and honest and accountable manner. It relates to the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved - and is made up of the systems, processes, cultures and values, by which the organisation is directed and controlled; and through which it accounts to, engages with, and delivers high quality services, when and where people need them.

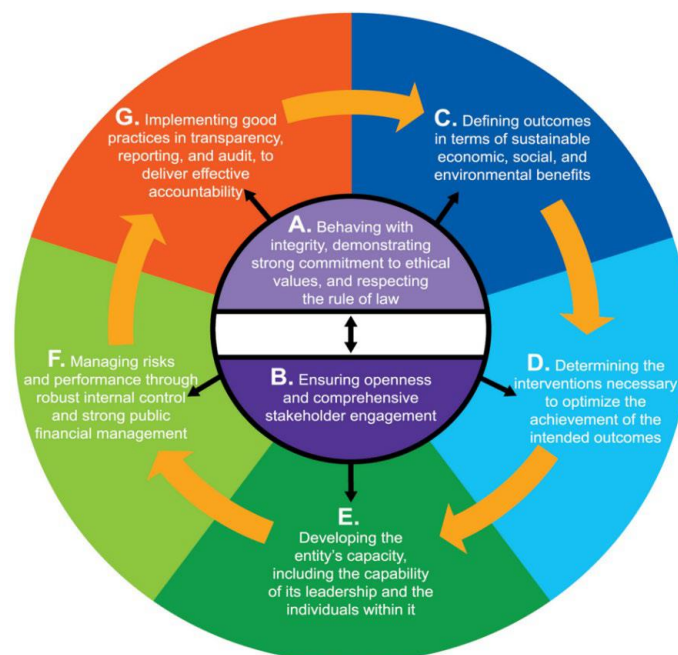
Corporate governance has been described as “the combination of processes and structures implemented by the governing body in order to inform, direct, manage and maintain the activities of the organisation toward the achievement of its objectives” (Cadbury Report, 1992).

Tayside Contracts strives to meet the highest standards of corporate governance in everything we do, and we are committed to following the seven core principles of corporate governance as identified by the Nolan Committee into Standards in Public Life, and endorsed by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Society of Local Authority Chief Executives (SOLACE)

This Local Code of Corporate Governance describes how we intend to achieve this.

In developing our Local Code, we have considered best practice and guidance, in particular the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and the accompanying Scottish guidance notes. The overall aim of the Framework is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for our service users, and the communities of Tayside.



Delivering Good Governance sets out seven core principles for good governance:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability

Appendix A sets out the key arrangements, procedures and structures which demonstrate Tayside Contracts' compliance with these core principles. The evidence supporting the organisations compliance with the requirements of the framework, is provided as part of the organisation's Annual Governance Statement, which is reviewed annually (see next section).

Annual Review

Compliance with the seven core principles for good governance is assessed on an annual basis by the Corporate Leadership Team (CLT). CLT's assessment of compliance is reflected in an Annual Governance Statement

The results of the assessment is reported to the Tayside Contracts Joint Committee. The report incorporates recommendations for additions and/or improvements to Tayside Contracts' governance arrangements, to reflect any changes in the way in which the organisation does business or responds to new legislation.

The Annual Governance Statement is also informed by the Internal Audit's independent review of Tayside Contracts risk management processes, systems of internal control and corporate governance processes.

As part of this annual review, the Local Code of Corporate Governance will also be reviewed, to ensure it remains current and appropriate for the organisation.

Keith McNamara
Managing Director
Tayside Contracts
1 June 2022

Appendix A

<p>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>What this means in practice:- Tayside Contracts are accountable not only to how much we spend, but also for how we use the resources under our stewardship. This includes accountability for outputs, and for the outcomes we have achieved.</p> <p>In addition, we 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, we can demonstrate the appropriateness of all our 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>Links to Tayside Contracts values :</p> <ul style="list-style-type: none"> • We behave and operate responsibly to maintain the reputation of Tayside Contracts and our constituent Councils • We take responsibility for our own performance, choices, results, and learn from mistakes 	
Sub principles:	Tayside Contracts is committed to:-
A1: Behaving with integrity	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 principles and values for Tayside Contracts and its employees 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 and values as a framework for decision making and other actions.
	Demonstrating, communicating and embedding the standard operating principles and values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively
A2: Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain Tayside Contracts` ethical standards and performance.
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of Tayside Contracts culture and operation.
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.
	Ensuring that external providers of service on behalf of Tayside Contracts are required to act with integrity and in compliance with ethical standards expected by Tayside Contracts.
A3: Respecting	Ensuring Members and employees demonstrate a strong commitment

the rule of the law	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.
	Dealing with breaches of legal and regulatory provisions effectively.
	Ensuring corruption and misuse of power are dealt with effectively.
Principle B: Ensuring openness and comprehensive stakeholder engagement	
<p>What this means in practice:- Tayside Contracts is operated for the public good. Therefore, the organisation should ensure openness in our 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 partners and employees.</p>	
<p>Links to Tayside Contracts values:</p> <ul style="list-style-type: none"> • We achieve excellent results by working together, not as individuals • We are stronger together – we welcome the voice and expertise of our partners • We drive success by building relationships and connecting across teams, functions and areas • We support our local communities whenever we get the chance 	
Sub principles:	Tayside Contracts is committed to:-
B1: Openness	Ensuring an open culture through demonstrating, documenting and communicating Tayside Contracts commitment to openness.
	Making decision 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/course of action.
B2: Engaging comprehensively with stakeholders	Effectively engaging with 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 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.
B3: Engaging with individual citizens and service users	Tayside Contracts will meaningfully with or involve individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes.
	Ensuring that communication methods are effective and that Members

effectively	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.
<p>Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits</p> <p>What this means in practice:- The long-term nature and impact of many of Tayside Contracts responsibilities mean that we should define and plan outcomes and that these should be sustainable. Decisions should further Tayside Contracts` purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources.</p> <p>Input from all groups of stakeholders, including employees, service users, and stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resource available.</p>	
<p>Links to Tayside Contracts values:</p> <ul style="list-style-type: none"> • We never accept that performance cannot improve • We are stronger together – we welcome the voice and expertise of our partners • We support out local communities whenever we get the chance • We innovate, embrace opportunity and move with the times 	
Sub principles:	Tayside Contracts is committed to:-
C1: Defining Outcomes	Having a clear vision which is an agreed formal statement, in our Business Plan, of Tayside Contracts purpose and intended outcomes containing appropriate performance indicators, which provide the basis of Tayside Contracts overall strategy, planning and other decisions.
	Specifying the intended impact on, or changes for, stakeholder including citizens and service users.
	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.
C2: Sustainable, economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decision 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 Tayside Contracts intended outcomes and short-term

	factors such as the political cycle or financial constraints.
	Ensuring fair access to services.
<p>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>What this means in practice:- Tayside Contracts achieves its intended outcomes by providing a mixture of courses of action. Determining the right mix of these courses of action is an important strategic choice that Tayside Contracts had to make to ensure intended outcomes are achieved.</p> <p>We need robust decision-making mechanisms to ensure that our 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>Links to Tayside Contracts values:</p> <ul style="list-style-type: none"> • We behave and operate responsibly to maintain the reputation of Tayside Contracts and our constituent Councils • We can express ourselves, learn, grow and reach our full potential • We never accept that performance cannot improve • We innovate, embrace opportunity and move with the times 	
Sub principles:	Tayside Contracts is committed to:-
D1: Determining Interventions	Ensuring our 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.
	Considering feedback from 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.
D2: Planning Interventions	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 services can be adapted to changing circumstances.
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how performance 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 medium-term financial planning.

	Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy
D3: Optimising achievement of intended outcomes	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 long term.
	Ensuring the medium-term financial planning 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>Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it</p> <p>What this means in practice:- Tayside Contracts 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. Because both individuals and the environment in which we operate will change over time, there will be a continuous need to develop our capacity as well as the skills and experience of individual staff.</p> <p>Leadership is strengthened by the participation of people with many different types of background, reflecting the structure and diversity of communities.</p>	
<p>Links to Tayside Contracts values:</p> <ul style="list-style-type: none"> • We can express ourselves, learn, grow and reach our full potential • We never accept that performance cannot improve • We innovate, embrace opportunity and move with the times 	
Sub principles:	Tayside Contracts is committed to:-
E1: Developing the entity's capacity	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.
E2: Developing capabilities of the entity's leadership and other individuals	Developing protocols to ensure that elected and appointed leaders discuss with each other regarding their respective roles early on in the relationship, and that a shared understanding of roles and objectives is maintained.
	Producing statements that specifies the types of decisions that are

	delegated and those reserved for the collective decision making of the governing body (Joint Committee).
	Ensuring the Convener of the Joint Committee and the Managing Director have clearly defined and distinctive leadership roles within a structure whereby the Managing Director leads in implementing strategy and managing the delivery of services, and other outputs set by Members.
	<p>Developing the capabilities of Members and senior management to achieve effective leadership and to enable Tayside Contracts to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> • Ensuring Members and employees have access to appropriate induction, tailored to their role and that ongoing training and development matching individual and Tayside Contracts 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; and • Ensuring personal, organisational and system-wide development through shared learning, including lessons learned from governance weaknesses.
	Taking steps to consider the leaderships` 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 raining 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>Principle F: Managing risks and performance through robust internal control and strong public financial management</p> <p>What this means in practice:- Tayside Contracts needs to ensure that the organisation and governance structures that it 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 outcome, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</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 delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

- Links to Tayside Contracts values:**
- We deliver upon our commitments to our customers without sacrificing quality
 - We take responsibility for our own performance, choices, results and learn from mistakes
 - We behave and operate responsibly to maintain the reputation of Tayside Contracts and our constituent Councils

Sub principles:	Tayside Contracts is committed to:-
F1: Managing Risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
	Ensuring that responsibilities for managing individual risks are clearly allocated.
F2: Managing Performance	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 inherent risks.
	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 organisations` performance.
	Providing Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
F3: Robust internal control	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 governance, risk management and control is provided by the internal auditor.
F4: Managing data	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 with other bodies.
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.
F5: Strong public	Ensuring financial management supports both long-term achievement

financial management	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.

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

What this means in practice:- 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 Tayside Contracts plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Links to Tayside Contracts values:

- We take responsibility for our own performance, choices, results, and learn from mistakes
- We never accept that performance cannot improve
- We are stronger together – we welcome the voice and expertise of our partners
- We drive success by building relationships and connecting across teams, functions and areas

Sub principles:	Tayside Contracts is committed to:-
G1: Determining Interventions	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.
G2: Planning Interventions	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 the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow our comparison with other, similar organisations, where relevant.
G3: Assurance and effective accountability	Ensuring that recommendations and 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 that the need for wider public accountability has been recognised and met.