



Item: 3

Monitoring and Audit Committee: 5 June 2025

Local Code of Corporate Governance – Self-Assessment and Action Plan

Report by Director of Education, Communities and Housing

1. Overview

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

2. Recommendations

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

3. Background

- 3.1. The Council is required to maintain a Local Code of Corporate Governance which is consistent with the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Delivering Good Governance in Local Government' Framework. The Council's Local Code of Corporate Governance was updated in 2017, and again in 2022, in line with the 2016 edition of the CIPFA Framework. The current version was adopted by Council on 4 October 2022.

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

For Further Information please contact:

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Implications of Report

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

14. Information Technology: Not applicable.

15. Cost of Living: Not applicable.

List of Background Papers

[Local Code of Corporate Governance](#)

Appendix

Appendix 1: Local Code of Corporate Governance Improvement Action Plan with updates as of 31 March 2025.

Local Code of Corporate Governance: Improvement Action Plan

Directorates

SPBS – Strategy, Performance and Business Solutions.

ESR – Enterprise and Sustainable Regeneration.

ELH – Education, Leisure and Housing.

NSI – Neighbourhood Services and Infrastructure.

OHAC – Orkney Health and Care.

RAGB status

RED – Stalled or cancelled.

AMBER – In progress but behind schedule.

GREEN – In progress and on schedule.

BLUE – Complete.

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
A1. Behaving with integrity.	Embed staff values within HR/OD processes.	SPBS (HR & OD)	March 2028	BLUE	Action closed as review of staff values will now be included in a review of the People Plan.
	Embed staff values into recruitment and selection, as well as a range of hybrid working policies	SPBS (HR & OD)	2025-2026	BLUE	Action closed as a review of staff values will now be included in a review of the People Plan.
	Review Council Standing Orders	SPBS (Legal & Governance)	2025-2026	GREEN	Work is underway to review the Standing Orders.

Appendix 1 - Improvement Action Plan

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Rework financial regulations.	ESR	2023-2025	BLUE	Completed.
	Medium–Long Term financial strategy.	ESR	2025-2026	AMBER	Medium term (five year) financial strategy completed in June 2023 with an update planned for June 2024 but now planned for 2025-26.
A2. Demonstrating strong commitment to ethical values.	Terms and Conditions for our services	ESR	2025-2026	GREEN	
	Artificial Intelligence (AI) Governance policy document, which will include considerations around the ethical use of AI	SPBS (Improvement and Performance)	2025-2026	GREEN	

Appendix 1 - Improvement Action Plan

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
A3. Respecting the rule of law.	Review the Council's RIPSA policies and procedures.	SPBS (Legal and Governance)	2025-2026	GREEN	These will be reviewed in 2025-2026 in accordance with the requirement for annual review prescribed by the Scottish Government.
B1. Openness.	Publish the 2024-2025 Annual Procurement Report	SPBS (Legal and Governance)	2025-2026	GREEN	Work is underway to produce this report.
	Publish the 2024-2025 Annual Complaints Handling Report	SPBS (Legal and Governance)	2025-2026	GREEN	Work is underway to produce this report.
	Review guidance on Members' expenses.	SPBS (Improvement and Performance)	2025-2026	GREEN	
	Revised Political Engagement Policy	SPBS (Improvement and Performance)	2025-2026	GREEN	

Appendix 1 - Improvement Action Plan

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Establishment of Harbours User Group	ESR	2025-2026	GREEN	Stromness Harbour User Group has met on two occasions.
	Upload Finance Service information to Council's intranet.	ESR	2025-2026	GREEN	
	Carry out customer satisfaction survey.	ELH	2025-2026	GREEN	
	Carry out stock survey.	ELH	2025-2027	GREEN	
B2. Engaging comprehensively with institutional stakeholders.	Prepare a local resilience plan for each island.	NSI/SPBS community council teams.	2023-2025, now extended to 2026	AMBER	Work is underway with no end date yet.

Appendix 1 - Improvement Action Plan

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
<p>B3. Engaging with individual citizens and service users effectively.</p>	<p>Provide training for Elected Members and refresher training for staff in community consultation and engagement. Include case studies and wider thoughts to changing the culture towards community engagement.</p>	<p>SPBS (Improvement and Performance)</p>	<p>2022-23, extended to 2028</p>	<p>AMBER</p>	<p>Training for Elected Members in Effective Scrutiny of Community Consultation and Engagement delivered 9 May 2024. Staff training being delivered via Community Engagement Project Team, still to be rolled out more widely.</p>
	<p>The Council has undertaken a review of its Tenant Participation Strategy, including electronic processes for tenant participation, and will consult during 2022-23.</p>	<p>ELH</p>	<p>2022-2023 extended to 2025</p>	<p>BLUE</p>	<p>Completed.</p>
	<p>Review the Council's Communications and Engagement Strategy and publish an updated strategy in tandem with the Council Plan.</p>	<p>SPBS (Improvement and Performance)</p>	<p>2022-2023 extended to 2024-25</p>	<p>BLUE</p>	<p>Completed. The Council's Communications and Engagement Strategy was recommended for approval by Policy and Resources Committee on 27 November 2024 and approved by Council on 10 December 2024.</p>

Appendix 1 - Improvement Action Plan

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Publication scheme for Freedom of Information	SPBS (Legal and Governance)	2025-2026	BLUE	An updated Publication Scheme was recommended for approval by Policy and Resources Committee on 18 February 2025 and approved by Council on 4 March 2025.
	Explore the development of a modernised suite of community engagement and consultation tools including an online platform.	SPBS (Improvement and Performance)	2023-2024 Project extended to 2026	GREEN	This is being addressed by the multi-agency Community Engagement Project (CEP) which is under way in two phases. Phase 1 is now being implemented while Phase 2 is in its discovery stage. Orkney Matters 2 is the first output to date from the CEP Team.
	Continue the development of a community engagement platform	SPBS (Improvement and Performance)	2023 - 2024	BLUE	This is now part of the CEP as above.
	Budgetary savings consultations.	ESR	2024-2025	BLUE	Consulted with the public and gave feedback to public.

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Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	The Scottish Approach to Service Design to be spread further across the Council.	SPBS	2023-2025	BLUE	Session delivered at the Leadership Forum on 25 March 2024 and on an ongoing basis with teams as project plans are initiated.
	Budgetary savings consultation.	ESR	2025-2026	GREEN	
	Carry out tenant satisfaction survey.	ELH	2025-2026	GREEN	
C1. Defining outcomes.	Develop new Service Plans for 2023-2026 (now renamed Directorate Delivery Plans).	All Directorates	2022-2024	BLUE	Completed 2024.
	Develop new Orkney Local Development Plan.	NSI	2022-2028	GREEN	In progress. Expecting to publish the proposed plan in January 2026.
	Update Quarries Business Plan.	NSI	2024-2025	BLUE	Completed 2024.
	Develop a new Children's Services Plan for 2023–26.	OHAC	2022-2024	BLUE	Completed.
	Develop a new Local Housing Strategy for 2023–28.	ELH	2022-2024	BLUE	Completed 2024.

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Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Develop Regional Marine Plan.	NSI	2021-2026	AMBER	Work underway. Due to delay from Scottish Ministers, the plan has not been signed off.
	Develop climate change strategy and action plan.	NSI	2023-2025	AMBER	Work underway and will be reported against the Council Delivery Plan.
	Develop Local Heat and Energy Efficiency Strategy.	NSI	2023-2025	BLUE	Local Heat and Energy Efficiency Strategy for Orkney was recommended for approval by Policy and Resources Committee on 18 February 2025 and approved by Council on 4 March 2025.
	Develop long term financial plan. As A1 – Medium-Long Term Financial Plan.	ESR	2025-2026	AMBER	Medium term (five year) financial strategy completed in June 2023 with an update planned for June 2024 but now planned for 2025-26.
	Mid-term review of Council Plan.	SPBS (Improvement and Performance)	2025-2026	GREEN	

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Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Develop Physical Activity and Wellbeing Strategy.	ELH	2025-2026	GREEN	
C2. Sustainable economic, social and environmental benefits.	Consideration of the Empowering Communities Small Works plan.	SPBS	2023-2024 extended to 2025	BLUE	Superseded by Wider Review of Empowering Communities.
	Merge Impact Assessments into one template	SPBS (Legal and Governance)	2026-2027	GREEN	
	Integrated waste strategy action plan and climate change action plan	NSI	2025-2026	GREEN	
	Wider Review of Empowering Communities	SPBS (Improvement and Performance)	2025-2026	GREEN	
	Develop Play Park Strategy	ELH	2025-2026	GREEN	
	Establish a tourist visitor levy	ESR	2025-2026	GREEN	Planning underway for public consultation.

Appendix 1 - Improvement Action Plan

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
D1. Determining interventions.	Submit revised Capital Project Appraisal process and new long-term strategic priorities to Council for approval in 2022 – 23.	ESR/ NSI	2022-2023 extended to 2025	BLUE	Capital Strategy and revised Capital Project Appraisal procedures were recommended for approval by Policy and Resources Committee on 27 November 2024 and approved by Council on 10 December 2024.
	Report Writing training.	SPBS (Legal and Governance)	2025-2026	GREEN	Training delivered in December 2024, further sessions planned during 2025.
	Review of Sports and Leisure Service/ service re-design	ELH	2022-2023, extended to 2025-2026	AMBER	This review is in progress.
	Review of Culture Service/ service re-design	ELH	2022-2023, extended to 2025-2026	AMBER	Work is underway, but this is a large task requiring significant resources.

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Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Implement actions arising from review of senior phase offer.	ELH	2023-2024, extended to 2026-2027	AMBER	In progress, incorporated in the Education Service Improvement Plan 2022-23.
	Implementation of the Public Sector Improvement Framework across the Council.	SPBS (Improvement and Performance)	2023-2028	GREEN	Self-assessment completed during 2024 with the Extended Corporate Leadership Team. Further rollout with individual services planned during the 2026 – 2028 period.
	Review of Broad General Education.	ELH	2025-2026	GREEN	
	Review of Library and archives.	ELH	2023-2024, extended to 2026	AMBER	Internal review to be scheduled due to funding position.
	Corporate asset management plan (CAMP).	NSI	2023-2024, extended to 2026	AMBER	To be progressed during 2025/26

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Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
D2. Planning interventions.	<p>Locality plans for OHAC are required by statute and will be developed in 2022 – 23.</p> <p>The Strategic Plan Delivery Plan identifies taking forward locality planning through the establishment of locality planning groups for the health and social care partnership, linking with key partners and our community.</p>	OHAC	2022-2023 extended to 2025-26	BLUE	Action closed as this is superseded by our new Strategic Plan which will incorporate the Place Plans being developed with Community Councils.
	All services are developing Service Plans for 2023-26 in tandem with the new Council Plan 2023-28.	All relevant services	2022-2024	BLUE	Directorate Delivery Plans approved during 2023 and 2024.
	Procurement service delivery plan, including action plan	SPBS (Legal and Governance)	2025-2028	BLUE	Completed – Procurement Service Delivery Plan is in place with agreed actions, owners and target dates for completion.
	Mid-term review of Directorate Delivery Plan	ELH	2025-2026	GREEN	

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Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
D3. Optimising achievement of intended outcomes.	Review and update Efficiency Strategy.	ESR	2022-2024	BLUE	Efficiency Strategy has been subsumed within the budget process and savings process and is now redundant. Table within the Budget Report about saving targets for the next three years serves a similar role.
E1. Developing the entity's capacity.	Implement Planning and Environmental Health workforce plans.	NSI	2022 to end of 2024; extended to 2025	AMBER	Work ongoing, both plans substantially completed.
	Orkney Ferries are planning a cadet training scheme akin to the Merchant Navy.	ESR	2023-2026	BLUE	This scheme is now in progress with a specialist training provider. The apprentice scheme currently has four apprenticeships and is now business as usual.
	Review the People Plan.	SPBS (HR & OD)	2025 – 2026	GREEN	

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Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
E2. Developing the capability of the entity's leadership and other individuals.	Management and Leadership Development Programme	SPBS (HR & OD)	2025-2026	GREEN	
F1. Managing risk.	Review the Terms of Reference of the Chief Officers' Group with regard to annual reporting and present the COG Annual Report for 2023-24 to the Orkney Partnership Board.	OHAC	2024-25	BLUE	Completed.
	Refresher risk management training.	NSI	2023-2024 Extended to 2025-2026	AMBER	
	Create action plans where appropriate within the service	SPBS (all services)	2025-2026	GREEN	
	Update Directorate and Service Risk Registers.	All	2023-2026	GREEN	Ongoing.

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Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
F2. Managing performance.	Review and update of performance framework, and pilot in SPBS.	SPBS (Improvement and Performance)	2023-2024 extended to 2026-27	AMBER	Review of framework ongoing.
	Complete implementation of the new performance framework across the Council.	SPBS (Improvement and Performance)	2023-2024 extended to 2026-27	AMBER	Once the Framework is agreed, implementation can be completed.
F3. Robust internal control.	Complete the review of the New Horizon system, supported by the Improvement Support Team. NH is the internal costing system	NSI	2022-2023 extended to 2024	BLUE	Completed.
	Implement the recommended changes of the New Horizon system review	NSI	2024–2026	GREEN	Work underway. Action plans are being developed for the identification of a fleet management system, a job costing system and time sheet system.
	Review of payroll and HR systems.	ESR	2025-2027	GREEN	Work underway on assessing a replacement for the Payroll and HR System.
	Greater automation of IT systems	ELH	2025-2027	GREEN	

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Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Review of Fraud Risk Management processes in light of new legislation.	SPBS (Legal and Governance)	2025-2026	GREEN	Work to review processes is underway.
F4. Managing data.	Compile Data Maturity Plan, setting out interim actions to feed into the Digital and Data Strategy	SPBS (Improvement and Performance)	2025-26	GREEN	
F5. Strong public financial management.	Complete summarised Corporate Improvement Agenda including anticipated benefits and outcomes.	SPBS (Improvement and Performance)	2023-2024 extended to 2025-26	AMBER	Extended to 2025-2026
	Introduce additional functionality to CENTROS to allow improvements in financial reporting, for example the Capital Monitoring Process.	ESR	2025-2026	GREEN	
G1. Implementing good practice in transparency.	Review of frequent FOI requests and consider additions to the Publication Scheme administered by Corporate Governance.	NSI	2025-2026	GREEN	

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Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
G2. Implementing good practices in reporting.	None required.				
G3. Assurance and effective accountability	None required.				