

1. Introduction

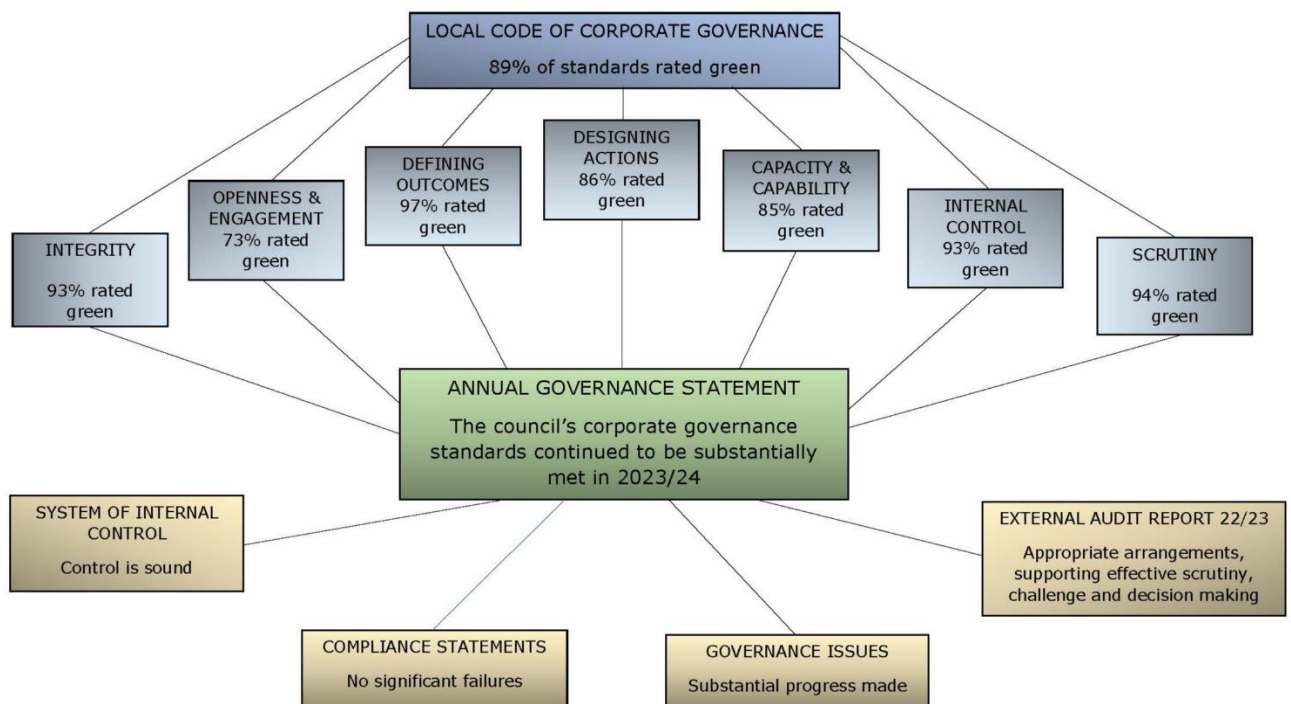
- 1.1 The corporate governance framework comprises the systems, processes, culture and values by which the council is directed and controlled. It guides how the council engages with and is accountable to the West Lothian community. The council's governing bodies (full council and committees), individual councillors and members of staff must try to achieve its objectives while acting in the public interest at all times. That involves primary consideration of the benefits for society, which should result in positive outcomes for stakeholders.
- 1.2 The council, through all of its members, has overall responsibility for good governance arrangements. In practice, the council entrusts those tasks to committees and to appropriate council officers but subject to monitoring and scrutiny arrangements. Those include the provision of evidence-based assurance on the governance framework's effectiveness and completeness.
- 1.3 The council's new Corporate Plan 2023/24 to 2027/28 was adopted in May 2023 (the Corporate Plan). In November 2023 a suite of corporate strategies was approved to deliver the Corporate Plan's objectives and priorities. Those strategies included for the first time a Corporate Governance Strategy. It draws together the most significant elements of the corporate governance framework. It supports the values, vision and priorities of the Plan. Its performance will be assessed against its agreed performance indicators and reported to elected members and the public each year. The adoption of the strategy acknowledges the wide understanding that good governance promotes good decisions and good performance.
- 1.4 The statement is presented in these sections. They summarise relevant responsibilities, roles, controls and activities during the reporting year: -
1. Introduction
 2. Summary and assurance
 3. Political structure and administration
 4. Management structure
 5. Decision-making and scrutiny arrangements
 6. Local Code of Corporate Governance
 7. Annual internal audit opinion
 8. Annual compliance statements
 9. Audit Committee
 10. Governance & Risk Committee
 11. Other internal scrutiny arrangements
 12. Officer roles and activity
 13. External scrutiny
 14. Past and current governance issues
 15. Governance issues ahead
 16. Conclusion and assurance

2. Summary and assurance

2.1 The conclusion and assurance in this statement draws on the evidence found or described in:-

- the internal audit opinion by the Audit Risk & Counter Fraud Manager on the effectiveness of the framework of governance, risk management and control (section 7)
- annual compliance statements and associated stand-alone reports in relation to significant statutory regimes and corporate policies and procedures (section 8)
- the refreshed evidence-based Local Code of Corporate Governance (section 6)
- the progress made in the reporting year on areas of governance concern (section 14)

2.2 Information and conclusions from those sources are summarised in the illustration below.



2.3 In a large and complex organisation, especially under significant funding and financial pressures, there are inevitably issues on which future work is required. However, based on the sources and evidence described in this statement, the council and the West Lothian community can be assured that the council's corporate governance standards continue to have been substantially met in 2023/24. That assurance was reported to and accepted by Governance & Risk Committee in June 2024 when this statement was approved. The

statement will be included in the council's unaudited accounts and financial statements when they are published at the end of June 2024 for inspection and objection.

3. Political structure and administration

- 3.1 West Lothian Council has nine electoral wards and thirty-three councillors. At the end of the reporting year there were fifteen SNP members, twelve Labour members, four Conservative members, one Liberal Democrat member, and two Independent members. One of the Independent members passed away in May 2024. A by election will be held in August 2024.
- 3.2 A minority Labour administration remains in place. Political leadership positions were filled in May and June 2022 after the local government elections. The committee structure in place before the elections continued in place, but with changes to political composition and a reduction in numbers and realignment of the remits of Executive Councillors and their Policy Development & Scrutiny Panels (PDSPs). There has been a high degree of consistency in decision-making arrangements for many years. That helps an understanding of governance and decision-making processes. It promotes consistency of approach. Both have positive impacts on scrutiny and performance
- 3.3 The political leadership positions comprised the Provost (and Depute), the Council Leader (and Depute), six Executive Councillors (portfolio holders in relation to council services) and chairs and vice-chairs of other committees. Senior councillor payments were agreed in June 2022 and have been renewed each year. Since November 2023, one elected member in receipt of a senior councillor payment has had leave of absence due to ill-health. That leave, and the consequent acting-up arrangements and payment, were approved unanimously at committee through the Family Leave Scheme for Elected Members adopted in June 2023. The statutory annual report for 2023/24 on elected members' remuneration, allowances, expenses and training was presented to Council Executive in May 2023. Arrangements for elected members' training and development were singled out as an example of good practice in the Accounts Commission's "Local Government in Scotland Overview 2023".

4. Management structure

- 4.1 The council's services are managed through its Executive Management Team (EMT) (Chief Executive, three Depute Chief Executives and the Head of Finance & Property Services). Those officers and seven Heads of Service and the Governance Manager form the Corporate Management Team (CMT). The interim appointments made in 2021/22 of Head of Housing, Customer & Building Services and Head of Corporate Services remained in place at the year end. An interim appointment was also made in May 2023 to the post of Head of Finance & Property Services (the council's Chief Financial Officer) which became vacant. Arrangements to make permanent appointments to these positions were started in March 2024 with the Senior Officer Appointments Committee being convened to meet from April 2024. A permanent appointment has now been made to the post of Head of Housing, Customer & Building Services. The Head of Operational Services retires at the start of

August 2024. An interim appointment has been made to that post, pending a later permanent appointment. Each service has a Senior Management Team and other service managers, team leaders and teams within its structure. The service structure, staffing, priorities, outcomes and actions are set out in Service Improvement Plans (which this year replaced the former Management Plans) published and presented to members each year for scrutiny. They are aligned with the new Corporate Plan.

4.2 The service management structure is as follows: -



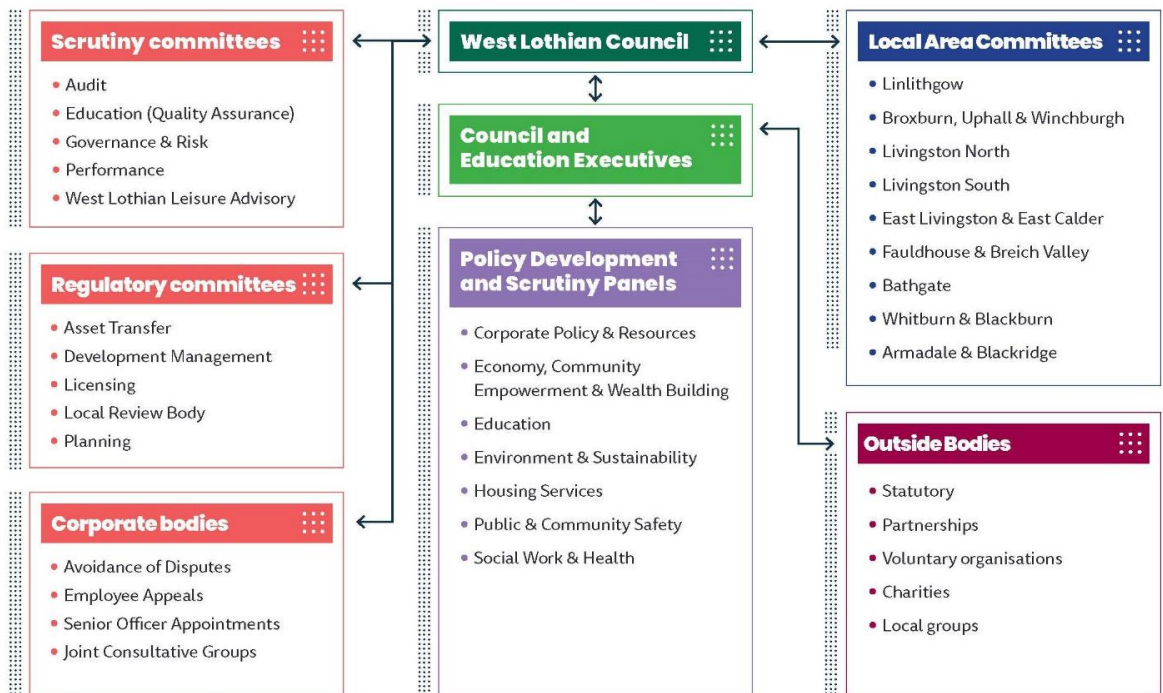
4.3 The council has had a Corporate Transformation Team in place since 2018. It sits apart from service areas. It provides all services with expertise and support in taking forward the ongoing digital and other transformation of council services and delivery of budget reduction measures. It will continue to play a significant role in delivering on budget savings, transformation projects, and supporting delivery on the Corporate Plan’s priorities and objectives. The Team’s outputs were reported at full council in November 2023. Its work supports outcomes set out in the

Performance and Transformation Strategy approved in November 2023. Work is underway to develop Digital Transformation Principles to support delivery of the Corporate Plan.

- 4.4 Internal cross-service working amongst officers is enabled by a network of boards and working groups. They have defined remits and membership from appropriate service areas and staff grades across the council. Some have representation from partner organisations, such as NHS Lothian and Police Scotland. The structure, remits and membership of the boards and working groups were reviewed in 2023/24. Changes were made with effect from June 2024 to ensure their alignment with and effective support for the outcomes and priorities in the new Corporate Plan. The structure and remits will be kept under annual review. The main officer group dealing with the council's risk, control and governance arrangements has been the Governance & Risk Board. With effect from May 2024 it has become the Corporate Governance Board with an updated remit tied to the Corporate Governance Strategy.

5. Decision-making and scrutiny arrangements

- 5.1 The council has a long-established framework of committees and working groups set out in its Scheme of Administration. The committee structure is supported by the statutory Scheme of Delegations to Officers. That sets out the authority and responsibilities which officers may exercise without recourse to elected members. That is updated every three months to reflect new and changed delegations agreed by council and its committees. More significant changes are reported separately where required, for example, in April 2024, arising from recent new legislation on the Local Development Plan and the creation of a new statutory officer role of Chief Planning Officer.
- 5.2 There are two main policy and decision-making committees, Council Executive and Education Executive. Proposed policy decisions are considered before committee decision-making at one of the seven PDSPs. There is one local area committee (LAC) for each ward to help focus ward issues and provide a link from local areas and concerns to the decision-making function at the corporate centre. Scrutiny is carried out through Audit Committee, Governance & Risk Committee, Performance Committee, Education (Quality Assurance) Committee, and West Lothian Leisure Advisory Committee. The seven PDSPs receive quarterly performance reports for the services in their remits focusing on service performance indicators and financial performance. Full council meets every 8 weeks to deal with reserved matters and political debate and scrutiny. Council established two less formal cross-party working groups in 2022 and 2023, sitting outside the formal arrangements recorded in the Scheme of Administration. One was established to consider and make recommendations to committee or council about the barriers to participation as elected members related to the Equality Act's protected characteristics, and equality aspects of the Scottish Government's National Planning Framework 4 (NPF4) and associated guidance. The other looked into potential solutions to homelessness problems through the use of modular housing units. Recommendations on the first of those three areas of work were accepted by Council Executive and work continues on the other two.



5.3 Standing Orders for the Regulation of Meetings and the Scheme of Administration can only be changed by full council on notice being given. That helps ensure stability, continuity and careful consideration of proposed changes. Hybrid meeting arrangements and the live audio-visual webcasting and recording of meetings continue. Members of the public may observe meetings physically or online and may participate, where appropriate, in the same ways. A substantial and growing library of recordings is available to the public online. Due to legal rules restricting political publicity by the council, live webcasting was suspended during the period before the UK Parliament general Election on 4 July 2024. The right of public access to meetings and meeting papers was maintained. The recordings will be uploaded shortly after 5 July 2024.

6. Local Code of Corporate Governance

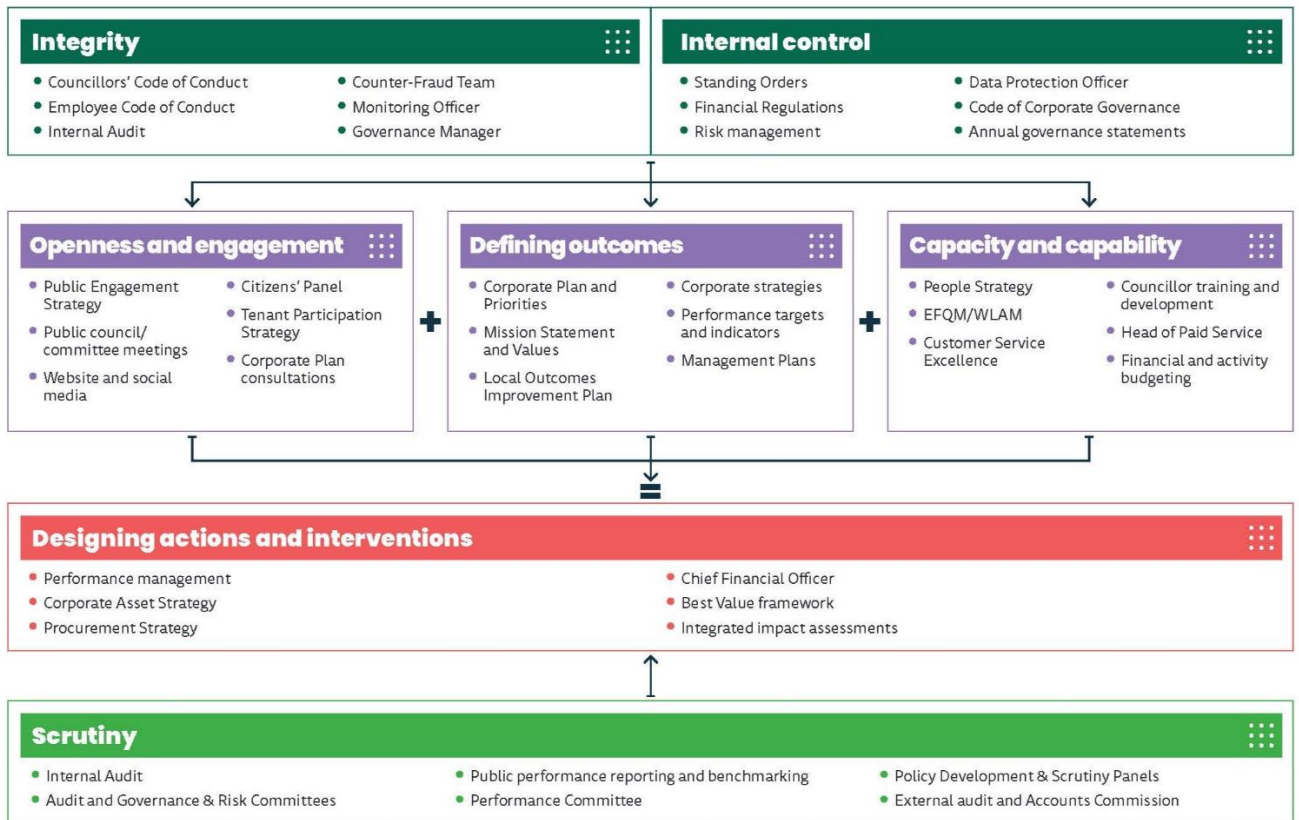
6.1 The council's governance arrangements are monitored, reviewed and reported under a Framework and Guidance called "Delivering Good Governance in Local Government", produced by CIPFA/SOLACE in 2016 (the Framework). The current Local Code of Corporate Governance was adopted in April 2018. Its operation is considered each year by officers and members in approving the annual governance statement. Its contents and operation were reviewed in 2023/24. The Framework has not changed. The Local Code has been an effective tool to gather evidence and demonstrate corporate governance standards. Officers and elected members are familiar with it. Year-on-year progress and comparison are significant. Some changes to terminology have been made, for example, replacing references to Management Plans to Service Improvement Plans. No substantial changes are required or

have been recommended. Governance and Risk Committee accepted the position in June 2024.

6.2 The Code adopts the seven over-arching principles of the Framework: -

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

6.3 Each of those principles is broken down into sub-principles and then into a hierarchy of separate elements to allow a focused approach to the assembly of evidence for the standards listed against them. The diagram below shows the seven principles and their interaction. There is a list for each of them of the most significant sources of evidence used to assess compliance against the standards.



6.4 The gathered evidence and the product of scrutiny arrangements are used to assess compliance and performance over the year to determine whether the council exceeds, meets or fails to meet the required standards. Areas of concern are picked out, actions are identified and allocated, and progress is monitored through officer oversight and the Governance & Risk Committee.

6.5 The Code is used to inform the drafting and approval of the annual governance statement through the Governance & Risk Board, Corporate Management Team and Governance & Risk Committee. It is reported in full and in detail to that committee when it approves the annual governance statement in June each year. It is then summarised in a report to full council in September, alongside the annual reports by the external auditor and the council's annual accounts. Deficiencies are identified and are translated into actions which are monitored throughout the following reporting year by Governance & Risk Board and Governance & Risk Committee.

6.6 Compliance in 2023/24 with the standards in the Code remains high. Under a red/amber/green assessment system there are no red scores. That has been the case since the current Code was adopted. A small number will require attention in the coming year to avoid them slipping into the red category. There are 231 standards out of 258 assessed as green, representing 89% of the total entries. Comparable figures from previous 5 years for green scores under the same assessment process were 81%, 84%, 84%, 85% and 86% (last year).

7. Annual internal audit opinion

- 7.1 A significant element in the council's governance arrangements is the system of internal control. That is designed and reviewed to identify risks to the achievement of the council's objectives; to evaluate the likelihood of those risks occurring; to consider the potential impact of the risks; and to manage them effectively. It includes financial regulations and the system of management supervision, delegation and accountability. It is supported by regular information, administrative procedures and segregation of duties. Its key elements include an internal control framework relating to financial processes, procedures and regulations; a comprehensive budgeting and monitoring framework; scrutiny of periodic and annual financial and operational performance reports; performance management information; and project management disciplines.
- 7.2 As required under statutory regulations and the Public Sector Internal Audit Standards (PSIAS), the Audit Risk & Counter Fraud Manager in his role as "chief audit executive" provides an annual opinion to members on the adequacy and effectiveness of the system of internal control. That opinion is considered by Governance & Risk Committee before approval of the annual governance statement. It is then approved at Audit Committee. The annual governance statement then in turn requires approval by the council through the Governance & Risk Committee before incorporation into the unaudited annual accounts and financial statements published in June each year for inspection before being submitted for audit.
- 7.3 Following his review for 2023/24, his conclusion and assurance to members is that the framework of governance, risk management and control is sound. That conclusion was based on internal audit and counter fraud work carried out during the year and had regard to the work of the Governance & Risk Board, an officer group which has oversight of risk and governance arrangements. No areas were identified where control was considered to be unsound. Where improvements were required actions were agreed with managers. Recommendations and actions ranked as being of high importance were logged as risk actions for progress to be monitored and reported back to committee. Actions ranked as of medium importance are followed up separately. The conclusions and assurances from his reports have been accepted by Audit Committee. The outcome of the review was accepted by Governance & Risk Committee and Audit Committee in June 2024.

8. Annual Compliance Statements

- 8.1 The council's Monitoring Officer arranges the production of a suite of annual compliance statements. They sit alongside the Code and feed into this annual governance statement. They deal with compliance with the law, with significant legal and regulatory regimes, and with the council's most important corporate policies and procedures. They are prepared by responsible officers after consultation with Service Managers and Heads of Service. They take into account oversight by external regulatory and inspection bodies. They include conclusions and an assurance of compliance by the relevant senior officer. They are designed to

summarise compliance arrangements and bring to the attention of elected members and the public any incidents of non-compliance which are significant to the council's operations. Those may or may not already have been reported elsewhere during the year. The statements identify significant developments, issues of concern and issues to be addressed going forward.

8.2 A new compliance statement has been added this year, in relation to statutory counter terrorism duties. Those are the duty to address radicalisation (known as the "prevent duty") and the new "protect duty".

8.3 The now 14 statements cover the following areas of activity: -

- Anti-Fraud and Corruption - Head of Finance & Property Services
- Best Value Framework - Head of Finance & Property Services
- Councillors' Code of Conduct - Monitoring Officer
- Counter-Terrorism Duties – Depute Chief Executive (Corporate, Operational and Housing Services)
- Discipline and Grievances - Head of Corporate Services
- Employee Whistleblowing - Head of Corporate Services
- Information Governance - Head of Corporate Services
- Information Security - Head of Corporate Services
- Occupational Health & Safety - Head of Corporate Services
- Procurement - Head of Corporate Services
- Protection of Vulnerable Groups (PVG) - Head of Corporate Services
- Public Sector Equality Duty - Head of Corporate Services
- Regulation of Investigatory Powers (RIPSA) – Depute Chief Executive (Corporate, Operational and Housing Services)
- Breaches of the Law - Monitoring Officer

8.4 Areas of concern covered in the compliance statements are reflected in the assessment of evidence in the Local Code of Corporate Governance. They may lead to inclusion in the annual governance statement's list of governance issues to be addressed in the next reporting year. The statement by the Monitoring Officer is particularly important. The Monitoring Officer holds a statutory post and is responsible for ensuring the council's compliance with its statutory duties and responsibilities. They are to report on and address any breaches of the law which are significant to the operations of the council.

8.5 The Monitoring Officer secured information from service managers and consulted with the Corporate Management Team, the Chief Solicitor and the Audit, Risk and Counter Fraud Manager. His opinion is that there have been no material or significant breaches of the law by the council in 2023/24 which have or will have a material or significant impact on the operations

of the council. He has certified that the council is complying in all material respects with its statutory obligations.

- 8.6 He did identify a number of instances (reduced from previous years) where improvements to the council's compliance with legislation were required. None of those breaches was considered to present significant risk to the continuing operation and effective delivery of council services and control. Not all breaches are material to the council's operations or its finances. Those issues are described in the annual compliance statement. They concerned the council's homeless accommodation duty, full recovery of charges for council care home places, and breaches of procurement legislation. The last were also identified in the Procurement compliance statement. The causes have been identified and appropriate actions have been and are being taken to ensure lessons are learned.

9. Audit Committee

- 9.1 Audit Committee operates in compliance with PSIAS. It undertakes a corporate overview of the council's control environment, develops an anti-fraud culture to ensure the highest standards of probity and public accountability. It evaluates the arrangements in place for securing the economical, efficient and effective management of resources. It considers an annual review of the overall adequacy and effectiveness of the council's control framework. It monitors the independence and effectiveness of the Audit, Risk & Counter Fraud Team.
- 9.2 The Chair of the committee must be appointed from councillors who are not in the ruling administration political group. The majority of members are from outwith that group. The committee includes one non-councillor member to bring a different perspective and expertise to the work of the committee. The non-councillor member's appointment was renewed at full council in March 2023 for a further three-year period.
- 9.3 The committee meets four times each year. It operates through an annual work plan approved by the committee. It carries out an annual self-assessment exercise to identify improvements in the way it operates. The outcome of internal audit and counter-fraud investigations judged to be significant are reported individually. Summaries of other audit reports are reported bi-annually. Reports are presented and considered in public unless there is clear legal justification for excluding the public. They express an opinion as to whether control is effective, satisfactory, requires improvement or is unsound. Sixteen out of eighteen planned audits were completed with the two others in progress. Overall, the audit conclusions were positive. No areas were identified where control was considered to be unsound. Findings from audit and inspection reports ranked as of high importance are entered into the council's risk management system as risk actions. They are followed up formally by Internal Audit. Medium importance findings are followed up informally. Risk actions of high importance which remain outstanding after their target dates are reported to the Governance & Risk Board during the year and to the Audit Committee twice yearly. The up-to-date position for this reporting year was confirmed at Audit Committee in June 2024. Internal Audit also carried out unplanned

work at the request of senior officers. This year, that concerned financial control over the Housing Need Homelessness budget and the invoicing system in Fleet Management. All of those feed into the annual review of the system of internal control, which in turn informs this statement.

- 9.4 The committee also deals with reports from the council's external auditor. It considers the External Audit Annual Plan in March each year which informs the council of the audit work to be undertaken in the course of the year by the external auditor. The external auditor's annual reports on the council's accounts, financial statements and best value arrangements are considered by full council in September each year. They are referred to the Governance & Risk Committee and Audit Committee for further scrutiny. Any actions identified are noted and are followed up through periodic reporting to committee on progress or completion. Satisfactory progress on the four actions identified in the external audit report for 2022/23 was reported to Audit Committee in June 2024.
- 9.5 The committee also considers reports issued by the Accounts Commission and/or Audit Scotland in relation to the council or local government as a whole. Examples are the Local Government in Scotland Overview and the Local Government in Scotland Financial Bulletin. It can consider those reports from the councillors' perspective and recommend any action which it considers should be taken in response.

10. Governance & Risk Committee

- 10.1 The committee takes a corporate overview of the council's corporate governance and risk management arrangements. It develops a culture of good corporate governance and risk awareness. It reviews the council's strategy and systems for the management of risk. It considers regular reports from the Governance Manager and the Audit, Risk & Counter Fraud Manager. Other reports are brought forward by other senior officers as requested by the committee through its work plan. It can consider external reports relevant to its remit.
- 10.2 The committee meets at least four times each year. It operates through a work plan presented to and updated after every meeting. The Chair of the committee must be drawn from members who are not in the ruling administration political group. The majority of members are from outwith that group. In March 2020 its membership was formally expanded to include a non-councillor member to bring different expertise, experience and perspective to the work of the committee. The appointment was renewed for three years at full council in May 2024, until September 2027.
- 10.3 The committee carries out an annual self-assessment exercise to identify improvements that might be made to the way it operates. It receives reports from services on their risk management arrangements. It considers reports at every meeting on the council's high risks and on health and safety incident reporting. It considers strategic risks bi-annually. It examines ad hoc risk and governance issues, such as information governance, business continuity, and compliance with the Councillors' Code of Conduct. It considers annual reports on themed

groups of risks, such as fire, asbestos and legionella in operational buildings, and insurance risks and arrangements. It considers risk reports from the council's external risk advisers. It is responsible for approving the annual governance statement after considering the findings of the annual review of the system of internal control. It monitors progress against governance areas of concern through bi-annual monitoring reports.

11. Other internal scrutiny arrangements

- 11.1 The council deals with the remainder of its scrutiny function by members in four other places – Policy Development & Scrutiny Panels (PDSPs), Performance Committee, Education (Quality Assurance) Committee and West Lothian Leisure Advisory Committee. Except for the last of those, the majority of members on each of these bodies is from outwith the ruling administration political group.
- 11.2 PDSPs are working groups of members and representatives from external community bodies and the recognised trade unions. Their remits were updated and realigned following the local government elections in May 2022. Their scrutiny role involves considering quarterly performance reports from the service areas included in their remit. Members and external representatives are able to question officers on service performance and failures and make recommendations to them about improvement actions. Members receive information on both service and financial performance measured against agreed indicators and outcomes. In 2022/23 and 2023/24 PDSPs also considered fresh revenue budget savings measures being reported to council at its February budget-setting meetings and the responses to public consultation on those savings measures. They also consider Service Improvement Plans for each service, which are replacements for the Management Plans produced under the previous Corporate Plan. Corporate Policy & Resources PDSP and Education PDSP will in autumn 2024 receive annual reports on performance against the outcome and indicators contained in the suite of corporate strategies approved in November 2023 to support the Corporate Plan.
- 11.3 Performance Committee is established to consider the performance of service units against the council's performance appraisal system, the West Lothian Assessment Model (WLAM). Services are divided into WLAM units which report on an agreed cycle to a panel chaired by the Chief Executive. It considers the evidence presented and allocates a score. The service unit then reports to the Performance Committee on its appraisal. The WLAM programme was reviewed in 2021/22 and a new approach implemented across the council in 2022/23. Reports on progress on the updated programme was presented to Performance Committee in May 2023 and 2024. The committee's Chair is from outwith the ruling administration group. It receives written reports presented at public committee meetings by senior service managers and can question them and make recommendations to them about improvement actions. The committee also scrutinises quarterly and annual reports on the council's complaints handling policy and performance. It considers Factfile (the main vehicle for external performance reporting) each year prior to publication. It considers the results of the local authority benchmarking review carried out annually in conjunction with the Improvement Service. In addition to performance reporting to members, management teams routinely monitor their

performance through Ideagen. That system contains the high-level performance indicators and service standards which are reported publicly as well as lower level management performance indicators.

- 11.4 The Education (Quality Assurance) Committee carries out a scrutiny role solely in relation to internal and external assessment and inspection reports of educational establishments. Its Chair is from outwith the ruling administration group. The committee includes non-councillor members appointed by the council in relation to its education functions. Representatives from the relevant school's Parent Council are invited to attend and take part in the committee's meetings, as is the establishment's Head Teacher. It provides a dedicated and specialised forum for scrutiny of performance in education establishments.
- 11.5 Leisure and culture services are delivered almost entirely through an arms' length external organisation (ALEO) called West Lothian Leisure Ltd (WLL). The council is its sole shareholder. There is a dedicated advisory committee called the West Lothian Leisure Advisory Committee, attended by senior officers of both council and West Lothian Leisure. It deals with scrutiny of service delivery and financial performance. A review is ongoing of the relationship between the council and WLL, a best practice requirement reflected in the council's Scheme of Administration. Completion of the review is overdue. Its conclusion was expected to be reported in 2023/24. It is highlighted again in this statement as a governance issue of concern.

12. Significant officer roles

- 12.1 The council is required by law to appoint an officer to be its Head of Paid Service. The statutory duties of the post are to co-ordinate the discharge of the council's functions, to determine the number and grades of staff required, and to appoint, manage and organise its staff. The Head of Paid Service has both a power and a duty to make a statutory report to full council where considered appropriate. The law does not require specific qualifications but they are expected to have appropriate standing, leadership, communication and interpersonal skills, and qualities of integrity and impartiality in order to deliver the objectives of the post. The statutory responsibilities and duties of the post point to the post-holder being at the highest level of senior management. The Chief Executive holds this position. The statutory role description in the Scheme of Delegations was revised and approved in an amended form in February 2023.
- 12.2 Legislation requires the council to appoint a Chief Financial Officer. That role is to be performed conform to the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) and in the CIPFA Financial Management Code (2019). They set out the non-statutory requirement for the Chief Financial Officer to be professionally qualified and the criteria for qualification. The council's Interim Head of Finance & Property Services is the council's Chief Financial Officer. He operates in accordance with the council's Financial Regulations, Capital Strategy and Treasury Management Plan. He reports regularly to members on economic, financial and funding pressures as well as revenue and capital budgetary performance and compliance. The role is undertaken in accordance with the relevant statutory rules, guidance and standards. Treasury Management reports and capital

asset management strategy reports are made to full council twice each year. The statutory role description in the Scheme of Delegations was revised and approved in an amended form in February 2023.

- 12.3 The council is legally required to appoint a Monitoring Officer. The statutory function of the Monitoring Officer is to take action where it appears that a decision may give rise to a contravention of legislation or other rule of law, or maladministration, or other injustice. The law does not require the Monitoring Officer to hold any specific qualifications but they are expected to have appropriate seniority, standing, leadership, communication and interpersonal skills, and qualities of integrity and impartiality in order to fulfil the post's statutory responsibilities. They have a specific role in relation to ethical standards and the Councillors' Code of Conduct. The statutory role description in the Scheme of Delegations was revised and approved in an amended form in February 2023. The Governance Manager holds this position. The council's Chief Solicitor is the Depute Monitoring Officer.
- 12.4 As required by statute, the council has appointed a Chief Social Work Officer who has statutory professional responsibility for the oversight of specified social work functions. The Scheme of Delegations states that in relation to those statutory functions the Chief Social Work Officer's decisions are not subject to change by more senior officers, but are, subject to council or committee decisions, final and binding on the council. An annual report is made to members through full council and to the Scottish Government. The statutory role description in the Scheme of Delegations was revised and approved in an amended form in February 2023. The Head of Social Policy holds the position.
- 12.5 The council is required to operate a professional and objective internal audit service. It sits in the Audit, Risk and Counter Fraud Team. It performs an independent appraisal function which examines and evaluates systems of financial and non-financial control. Internal audit operates in accordance with the PSIAS. The organisational status and independence of internal audit required by PSIAS is also set out in the Internal Audit Charter. The Charter was reviewed and approved again in June 2023. An external assessment of compliance with PSIAS was carried out in 2022/23 and reported to Audit Committee in January 2023. It was found to fully conform in twelve of fourteen areas of assessment and to generally conform in the remaining two. Informal benchmarking against four other councils was carried out in the reporting year. The outcome was considered to be satisfactory.
- 12.6 An annual audit work plan is prepared based on an assessment of risk and is approved by Audit Committee. Internal audit reports are issued to the committee in relation to the outcome of significant proactive and reactive reports. Reports are issued in the name of the Audit, Risk and Counter Fraud Manager. Also, as required by PSIAS, Financial Regulations state that the internal audit function is free from interference in determining the scope of internal auditing, performing work, and communicating results. They state that the Audit, Risk and Counter Fraud Manager has the right of direct access to the Chair of the Audit Committee and to the Chief Executive. The Audit, Risk and Counter Fraud Manager reports annually on compliance with PSIAS, particularly the requirement of independence and ready access to the Chief

Executive and elected members. An interim report is brought to committee during each year to advise of progress towards completion of the annual plan.

- 12.7 Risk Management is overseen by the Audit, Risk & Counter Fraud Manager. It is embedded at Executive and Corporate Management Team level as well as in service management teams across the council. Management teams monitor, assess and mitigate service risk as a matter of routine at their meetings. The Risk Register is maintained in Ideagen, a database which records risks and their scoring and associated controls and actions. Service areas report on a rota basis to Governance & Risk Committee on their management of risks in their service areas. The former Risk Management Strategy has been superseded by the incorporation of risk management into the new Corporate Governance Strategy.
- 12.8 The council's counter fraud activities are managed within the Audit, Risk & Counter Fraud Team. The service is operated in accordance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014). The unit manages the council's whistleblowing hotline. It also administers the council's participation in the National Fraud Initiative. An annual plan is approved at Audit Committee each year. An annual report and an interim report are brought to committee to demonstrate progress towards completion of the plan. The review and approval of a revised Anti-Fraud & Corruption Policy was completed in June 2021. An annual compliance statement is provided and published each year as part of the evidence informing the annual governance statement.
- 12.9 The Data Protection Act 2018 and the UK General Data Protection Regulation require the appointment of a Data Protection Officer. A statutory role description was developed and adopted for the first time through committee in February 2023, and is now included in the Scheme of Delegations. The statutory role is concerned with personal data and not, in terms of law and guidance, with complementary information governance regimes, such as freedom of information and records management. The holder of the post may however have roles (contractual rather than statutory) to play in those other regimes as well. The statutory duties include informing and advising the council and its staff of their data protection obligations, providing advice on carrying out data protection impact assessments, and monitoring compliance with relevant council policies and with the law. As required by statute the Scheme of Delegations reflects the right to have direct access to senior management and elected members when required, and guarantees independence from line management over-ride in relation to the post's statutory duties. The post was formerly held on an interim basis by the Head of Corporate Services. Following the approval of a much-revised Information Governance Policy and Special Category Data Policy in January 2024, the role has been assigned to the Systems and Information Manager in the reformed Business Support and Information Team in Corporate Services.
- 12.10 Since March 2024, the council is under a legal duty to appoint a Chief Planning Officer. The council must have regard to statutory guidance in designing the role and appointing to it. A formal role description reflecting the requirements of law and guidance was approved in April 2024. It has been added to the Scheme of Delegations alongside the role descriptions for the other statutory officer positions. The statutory guidance indicates that the Chief Planning

Officer will be the council's head of its planning profession, and will be the senior officer responsible for the planning service. The Chief Planning Officer is to advise the council about functions conferred by the Planning Acts, and, more widely, all other statutory functions where they relate to development.

13. External scrutiny

- 13.1 The external auditor's annual report for 2022/23 was considered at council in September 2023. It was accompanied for the first time by a separate themed Best Value Report. That is part of the new approach by the Accounts Commission to the audit of councils' achievement of their statutory best value duty. The reports were referred on to Audit Committee (on the accounting and financial aspects) and Governance & Risk Committee (on the wider-scope audit work) for further scrutiny. An unqualified audit opinion was issued. The auditor found appropriate and effective financial management in place with regular budget monitoring reports to members. It concluded that medium and longer-term plans and budget monitoring arrangements were appropriate. The council was found to have effective and appropriate arrangements in place to plan the use of its resources to sustain delivery of services into the medium term.
- 13.2 On the wider-scope aspects, concerned with the governance and control framework, the council was again found to have effective and appropriate governance arrangements in place that support effective scrutiny of decisions taken, challenge and informed decision making. Overall, governance arrangements were found to be appropriate and effective. The auditor also found there to be an effective performance management framework in place, with performance measures aligned to key priorities and outcomes. The report concluded that there was regular performance reporting to elected members and the necessary arrangements for collecting, recording and publishing statutory performance information were in place.
- 13.3 The audit of the accounts for 2022/23 was the first year of Audit Scotland's five-year appointment as external auditor. Its external audit plan for 2023/24 was considered by Audit Committee in April 2024. It set out its approach to the wider-scope aspect of the annual audit and the way in which it planned to approach the audit of best value in the context of a renewed cycle of best value audit reports on councils started in 2022/23. The council's Best Value audit is scheduled for 2025/26.

14. Past and current governance issues

- 14.1 Issues of governance concern identified in previous years' statements were aggregated and have been or will be reported to Governance & Risk Committee in December 2023 and June 2024 for monitoring and scrutiny. Progress is considered at the Governance & Risk Board before reports are presented to committee. Starting in 2023/24 those reports have been standing items at all Governance & Risk Board meetings, rather than twice each year.
- 14.2 In June 2023 there were eleven remaining issues from the previous year for committee to consider. Of those eleven issues, five were accepted to have been completed. The other six were carried forward for progress and monitoring in 2023/24. Last year's annual governance

statement identified just two new issues to add. In December 2023, committee was informed that none of the resulting eight issues had been completed. It accepted that work was still needed on all eight of them. As reported last year, progress on three of those eight issues was still dependent on the Scottish Government advancing legislation (the National Care Service and the UN Charter on the Rights of the Child) or progressing its local governance review (Democracy Matters 2). Those three were marked as completed for the year when reported to Governance & Risk Committee in June 2024. The council had done what it has had to do and what it has been able to do. Committee was therefore informed in June 2024 that five of those eight issues have been fully addressed, leaving three outstanding and to be carried forward for attention in 2024/25 (see 15.2, below).

14.3 The three being carried forward are as follows:-

- The full (triennial) review of the council's relationship with its ALEO, West Lothian Leisure (WLL) again remains incomplete. It is a best practice requirement written into Standing Orders when new constitutional arrangements were put in place for West Lothian Leisure in 2018. Little progress has been made. The pandemic did cause a delay. Last year it was explained that progress would be made after a resolution was found to the request by WLL to close four of its leisure and cultural premises. That resolution was found some time ago but no progress has yet been made. Unless the root and branch review of that ALEO relationship is concluded, council cannot be assured about WLL's contribution to service delivery and best value, and cannot demonstrate that to be the case
- A historic problem had been identified in relation to low monetary value leases of community centres to management committees. Work had been instructed by the council to review the community centres in the council's estate as a budget-savings measure. Delivery of that measure was postponed by council in February 2024. Engagement with community centre management committees is underway, until February 2025. A decision has been made to delay work on the historic problem with leases until that budgetary review is completed and decisions are made. The risk of delaying the work further on the leases has been assessed as low
- The council has in the past run a Citizen Led Inspection Programme. It features in the Local Code of Corporate Governance as evidence of compliance with a number of the Code's governance principles. Its resumption was an action identified in the external audit annual report for 2022/23. It is to be taken forward between January 2024 and March 2026. A report was presented to Corporate Policy & Resources PDSP in June 2024 on the resumption of the programme. The first is planned for quarter 3 of 2024/25. Until the actual programme commences the action cannot be taken to have been completed

15. Governance issues ahead

15.1 The bi-annual reports on outstanding governance issues have included a schedule of significant corporate policies, procedures and protocols requiring review at least once in each administrative term. That approach will continue. Completion of the reviews scheduled each

year is now a performance indicator in the new Corporate Governance Strategy. The process will be aided by a new approach to these reviews agreed by elected members in May 2024. That allows minor changes identified by a review process to be made by officers under delegated powers. Only significant issues and changes will be reported to elected members for approval. Governance & Risk Board and Governance & Risk Committee will monitor the use of the procedure.

15.2 The three issues outstanding from this current year will be carried forward (see 14.2, above). The following new governance issues will be added. The resulting list will be monitored and reported to Governance & Risk Board as a standing item at its quarterly meetings and bi-annually to Governance & Risk Committee.

- Subsidy Control – corporate guidance and controls are required to ensure compliance with the Subsidy Control Act 2022, which regulates the giving of subsidies out of public resources
- Armed Forces Duty – there has been no reporting since December 2022 on compliance with the council’s statutory duty under the Armed Forces Act 2021 to have due regard to the circumstances of members of the armed forces in service provision
- Consumer Duty – procedures will be required to ensure compliance with duties (already in force under the Consumer (Scotland) Act 2020) to have regard to the impact of strategic decisions on consumers and to reduce harm to them
- Common Good Funds – a long-outstanding instruction to report to Council Executive on the involvement of Local Area Committees in determining the use of Common Good Funds should be closed off. A report is planned to PDSP in June 2024 with a report after that to committee later in the year
- Scottish Local Authorities Remuneration Committee (SLARC) – an agreement has been reached between the Scottish Government and COSLA concerning implementation of SLARC’s recommendations. The full details are not yet known. Some of the actions will fall to councils although which are to be taken forward is not yet known
- Corporate report template and report-writing guidance – finalisation of the template and guidance are overdue and should be concluded in the coming year
- Misuse of Alcohol, Drugs and Other Substances Policy – full implementation of the policy was delayed through a now expired moratorium on random testing. Steps should be taken to fully implement the policy or seek other instructions from members about its terms or operation. A report was presented to the Corporate Policy & Resources PDSP in June 2024 as the first step towards resolving the issue
- Fair Work First – Scottish Government guidance calls for fair work criteria to be applied to grants, other funding and contracts being awarded by and across the public sector. Steps are required to ensure compliance, including the adoption and publication of a Fair Work Statement

15.3 There are three other areas affecting the council's business which carry significant risk and governance implications. These issues are all in hand and so will not be included at this stage in the list of governance issues ahead. However, all of them will raise issues to address to ensure that the principles of the corporate governance framework are upheld:-

- A new Local Development Plan is needed to regulate the location, pace and nature of development across West Lothian. It must be progressed in accordance with new legislation and guidance which involve significant innovations, including compatibility with the Scottish Government's own development plan policies in NPF4, and the introduction of local place plans as factors to take into account in finalising the Plan
- The use of artificial intelligence (AI) offers benefits to the council but carries risks and the need for effective controls and governance procedures. The council will look at AI through its digital transformation projects under the Performance and Transformation Strategy. As those develop, work will be necessary to identify and address the risk and governance issues it will bring
- Funding, financial, economic, social and demographic pressures on councils and council services mean that councils across Scotland must look for new and innovative ways of working. Those may involve service restructure. More fundamental is the imperative to remodel and re-invent councils and their relationship with their communities, and the need to consider where it is going to be possible to carry on delivering discretionary (optional, not statutory) services. Work has started nationally through the Improvement Service, COSLA and SOLACE and the council is engaging in that work. The council's own plans will carry risk and governance implications. As work progresses, governance issues will have to be identified and resolved to help ensure the success of that work

16. Conclusion and assurance

In a large and complex organisation, especially one under significant funding and financial pressures, there are inevitably issues on which future work is required. However, based on the sources and evidence described in this statement, the council and the West Lothian community can be assured that the council's corporate governance standards continue to have been substantially met in 2023/24.