

## **GWYNEDD COUNCIL**

COMMITTEE	<b>AUDIT COMMITTEE</b>
DATE	<b>3 DECEMBER 2013</b>
TITLE	<b>SELF ASSESSMENT OF GOVERNANCE ARRANGEMENTS</b>
PURPOSE OF REPORT	<b>TO PRESENT AN UPDATE ON THE DEVELOPMENT OF THE WORK PROGRAMME OF THE GOVERNANCE ARRANGEMENTS ASSESMENT GROUP, AND THE ROLE OF THE AUDIT COMMITTEE WITHIN THE PROCESS</b>
AUTHOR	<b>DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK</b>
ACTION	<b>FOR INFORMATION, AND A DECISION ON ARRANGING A WORKSHOP</b>

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### **1. BACKGROUND**

- 1.1 The Accounts and Audit Regulations (Wales) 2005 (as amended by the Accounts and Audit Regulations (Wales) 2010), CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom, and the CIPFA / SOLACE *Framework Delivering Good Governance in Local Government* (2007) and its Addendum (2012), together impose a statutory requirement on the Council to conduct a review at least once in a year of the effectiveness of its system of governance, and to include a statement on governance with its statement of accounts.
- 1.2 As a result, the Council has published an Annual Governance Statement with its Statement of Accounts for several years, but it became increasingly clear that the way in which the Council is preparing the Statement – and especially its methodology of reviewing its system of governance – does not meet best practice.
- 1.3 In July 2013, the Audit Committee was given a presentation by the Performance Assessment Leader, from the Wales Audit Office following a review of Welsh local authorities' processes when conducting their governance self assessments. In terms of Gwynedd Council, he noted that that the general conclusion of the review was that the Council's self assessment of its governance arrangements lacked corporate ownership and robust scrutiny and challenge.
- 1.4 The 2012/13 Annual Governance Statement was presented to the same meeting; at that time it was explained to the Committee that a Governance Arrangements Assessment Group had been established, and that this Group would address the matters raised by WAO. The Group keeps a continuous, more disciplined view of governance issues, raises broader awareness of them, and promotes wider ownership of the Annual Governance Statement.
- 1.5 The members of the Group are a Corporate Director (DOW), the Head of Democracy and Legal, the Senior Manager for Corporate Commissioning, Senior Manager Delivery and Change Support and the Senior Manager Audit & Risk; one key aspect of its work is that it reports regularly to the Audit Committee.

## **2. WORK PROGRAMME**

2.1 The Group has met on 7 November to discuss the work that has been done on aspects of governance by different services in the year to date and to agree on a work programme for the coming year (up to the preparation of the 2013/14 Annual Governance Statement). Among the issues that are being considered by the Group are those issues identified by WAO in their Annual Improvement Letter (September 2013) that needed to be included in the first year of a rolling programme of reviews to support the governance self-assessment, which are:

- The annual performance self-assessment;
- The roles of the Corporate Management Team, Informal Cabinet and the chairs and vice-chairs of the Scrutiny Forum in identifying and addressing areas of underperformance against the improvement objectives; and
- The work of the three scrutiny committees in identifying the effects of Council policies on the residents of the county.

2.2 The group will meet again on:

- 25 February 2014
- 8 April 2014
- 2 June 2014
- 6 October 2014

2.3 WAO has introduced a new regime of cyclical corporate assessments of local authorities in Wales. The Corporate Management Team has commissioned the Group to review WAO reports on the corporate assessments of individual councils as they are published, to identify gaps noted in the reports and ensure that same weaknesses do not exist in Gwynedd. The Group will meet in December 2013 to consider the first report issued under the new system, which is a review of Newport Council.

## **3. ROLE OF THE AUDIT COMMITTEE**

3.1 The Audit Committee has a key role within the authority's governance arrangements – this is the committee that has been designated as "those charged with governance". This means that it has the task of ensuring that the Council's governance arrangements are robust.

3.2 The Committee will need to receive regular reports on the work of the Governance Arrangements Assessment Group which note:

- Governance issues that arise
- What the Group intends to do to address them.

3.3 As part of this year's self-assessment of governance arrangements, it is necessary to consider whether the governance framework that is in place at present, and the Local Code of Governance which encompasses the Framework, remains suitable. A copy of the current Local Code of Governance is included as an appendix to this report.

3.4 The Governance Arrangements Assessment Group therefore suggests that the Audit Committee undertakes its own assessment of the principles of good governance, in a facilitated workshop in January 2014. The principles of good governance are the six core principles of the CIPFA / SOLACE Framework, which are:

Core Principle 1: Focusing on the purpose of the authority and on outcomes for the community, creating and implementing a vision for the local area (including citizens and service users)

Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Core Principle 3: Promoting the authority's values and demonstrating the values of good governance by upholding high standards of conduct and behaviour.

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.

Core Principle 5: Developing the capacity and capability of members and officers to be effective.

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

3.5 The objective of the workshop is for members of the Committee to think about where they consider the strengths and weaknesses of Gwynedd Council to be currently in the context of these principles, and what amendments should be made to the Local Code of Governance. At the same time the Governance Arrangements Assessment Group will conduct its own assessment, and after the workshop all comments will be collated and reported back to the Audit Committee on 20 February.

#### **4. RECOMMENDATION**

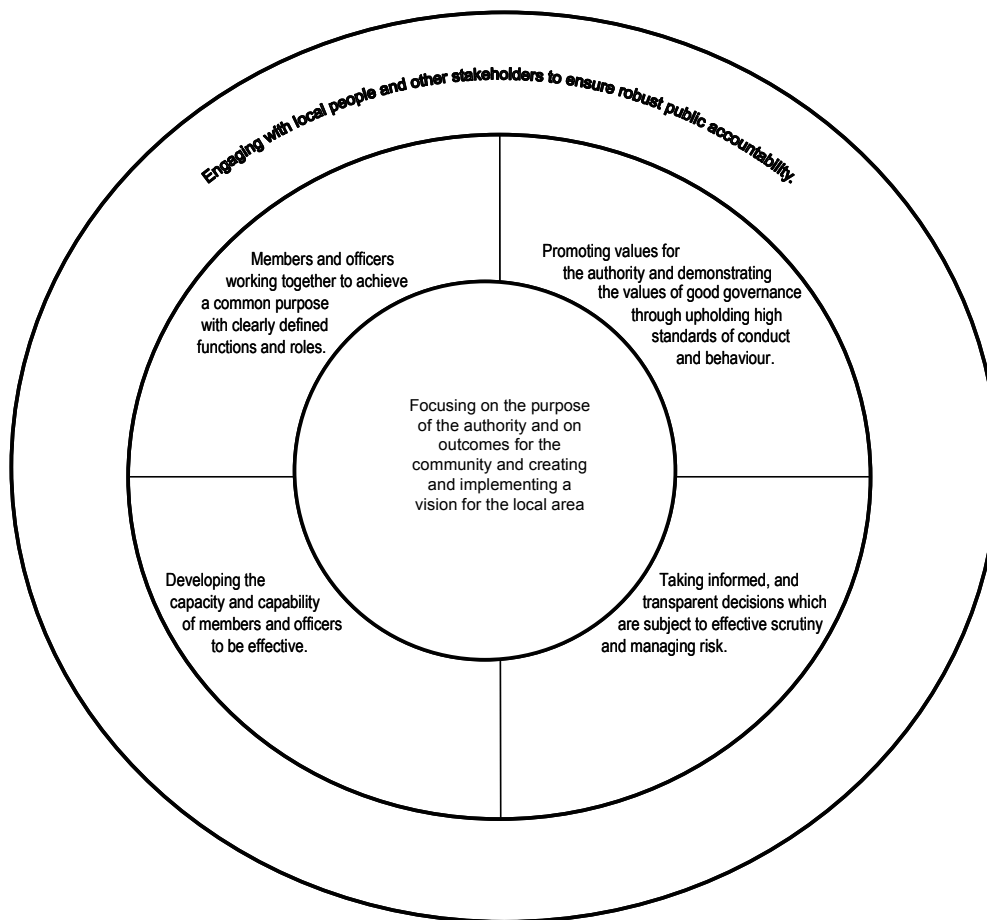
4.1 The Audit Committee is requested to accept this report as an update on the development of a work programme for the Governance Arrangements Assessment Group.

4.2 The Audit Committee is requested to agree to arrange a workshop in January 2014 in order to undertake a self-assessment on the principles of good governance, and if it so agrees, to decide on a location.

# GWYNEDD COUNCIL

## LOCAL CODE OF GOVERNANCE

Gwynedd Council is committed to providing services and making decisions in the best way possible. In order to achieve this, the Council has adopted the six core principles of "Achieving Good Governance in Local Government". (Cipfa/Solace 2007)



Each of the six core principle has a number of supporting principles.

The meaning of “good governance” is to ensure that the policy, systems, procedures and structures framework, which together, manage the way in which the Council administers its business, comply with these six core principles.

Good governance means that the Council’s values and culture accord with these principles.

Good governance means doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

The Council acknowledges that good governance leads to good management, good performance, good public engagement and, ultimately good outcomes for citizens and service users.

During 2010, the Council held a self-assessment of its governance arrangements by assessing them against five themes:

- achievements and results
- leadership and governance
- engagement with customers, communities and partners
- managing resources and performance
- procedure and people

The results of the self-assessment identified areas of strength along with issues to be addressed in an action plan. The evidence gathered in the self-assessment forms the basis of the Local Code of Governance.

The purpose of this Local Code of Governance is to summarise, in one document, the principles that the Council adheres to when governing, along with a description of the policies, strategies and procedures that show how the Council intends to achieve them. It will be a live document and will be added to as other policies and strategies are developed following the self-assessment.

This Code will be reviewed annually as the Annual Governance Statement is produced.

**Core principle 1:** Focusing on the purpose of the authority and on outcomes for the community, creating and implementing a vision for the local area (including citizens and service users)

*Supporting principles:*

- Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users.
- Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.
- Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.

The supporting policies, strategies, procedures and processes are:

- The Council Values
- The Council's Three Year Plan
- The Community Strategy
- Statement of the Accounts
- The Financial Strategy
- The complaints procedure
- The 'Achievement' system
- The Local Code of Governance
- The Auditor's Annual Letter

**Core principle 2:** Members and officers working together to achieve a common purpose with clearly defined functions and roles.

*Supporting principles:*

- Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.
- Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard.
- Ensuring relationships between the authority and the public are clear so that each knows what to expect of the other.

The supporting policies, strategies, procedures and processes are:

- Scheme for delegation to committees
- Scheme for delegation to the portfolio leaders
- Scheme for delegation to officers
- Decision Notices
- Description of members' roles and responsibilities
- Protocols for implementing statutory officer functions
- The Protocol for Member-Officer Relations
- Members' Allowance Scheme

**Core principle 3: Promoting the authority's values and demonstrating the values of good governance by upholding high standards of conduct and behaviour.**

*Supporting principles:*

- Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.
- Ensuring that organisational values are put into practice and are effective.

The supporting policies, strategies, procedures and processes are:

- Members' Code of Conduct
- Officers' Code of Conduct
- The Gwynedd Standard
- Standards Committee Procedural Rules
- Anti-fraud and Corruption Policy
- The Council's Procedural Rules
- Financial Procedural Rules
- Contracts Procedural Rules
- The appraisal procedure
- Internal Audit Plan
- Gifts and Hospitality Policy - officers
- Gifts and Hospitality Policy - members
- Officer's Interests Policy
- The Standards Committee Annual Report

**Core principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.**

*Supporting principles:*

- Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.
- Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
- Ensuring that an effective risk management system is in place.
- Using their legal powers to the full benefit of the citizens and communities in their area.

The supporting policies, strategies, procedures and processes are:

- The Risk Management Strategy
- Overview and Scrutiny Procedural Rules
- Access to Committee Information Procedural Rules
- Overview and Scrutiny Strategy
- Members' Training Programme (Scrutiny).
- Officers' Training Programme (Constitutional Arrangements).
- Remit of the Audit Committee
- The Complaints Procedure
- Decision Notices
- Committee minutes
- Whistle Blowing Code of Practice
- Guidance for Chairpersons' Booklet
- The Scrutiny Strategy
- Corporate Risks Register

**Core principle 5: Developing the capacity and capability of members and officers to be effective.**

*Supporting principles:*

- Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.
- Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.
- Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

The supporting policies, strategies, procedures and processes are:

- New Members Induction Programme.
- Member Training Strategy
- Members' Personal Development Plan
- Officer Training and Development Plan
- The appraisal procedure
- The Succession Plan.
- The recruitment procedure
- Member Support and Development Charter
- Management Competency Framework.

**Core principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.**

*Supporting principles:*

- Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.
- Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by authority, in partnership or by commissioning.
- Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

The supporting policies, strategies, procedures and processes are:

- Scrutiny Annual Report
- Access to Committee Information Procedural Rules
- Planning Code of Practice
- The Annual Report on the Council's Achievement
- Gwynedd Together, the Community Strategy