

Committee	Standards Committee
Date:	5 October 2015
Title	Gwynedd Council's Governance Framework
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Action:	To offer suggestions and approve the report

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to explain Gwynedd Council's Governance Framework to the Standards Committee. It is intended to explain to the Committee:

- How the Governance Framework has been developed
- The procedure for reviewing the framework and for reporting on its results and
- The role of the Standards Committee within the framework.

2. GWYNEDD COUNCIL'S GOVERNANCE FRAMEWORK

2.1 The Governance Framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

2.2 The Council's current Governance Framework consists of 31 individual elements. Together, these elements combine to create a whole that assists the Council to transfer its resources into public value.

2.3 The Standards Committee is one of these 31 elements.

2.4 The Governance Framework was developed using the current Local Code of Governance, which was adopted by the Council Board in April 2011, as a foundation. In the period since April 2011, the Governance Arrangements Assessment Group, the Audit Committee, the Management Group, Corporate Management Team and the Council's Cabinet have considered the policies, strategies, procedures and processes that support the six core principle within the Local Code of Governance and has refined these by adding, merging or removing elements to create the current Governance Framework.

3. LOCAL CODE OF GOVERNANCE

3.1 The Local Code of Governance is itself also one of the 31 elements in the Governance Framework.

3.2 The "Good Governance Standard for Public Services" was developed by the Independent Commission on Good Governance in Public Services in 2004. The standard was adapted specifically for the use of local government by CIPFA and Solace in 2007.

3.3 The standard comprises of six core principles, together with a number of supporting principles for each one. The standard sets out the requirements for meeting each principle and also what should be reflected in the local code of governance.

3.4 Since they had been developed nationally for the use of local government, and reflect what is required of a body with good governance standards, the Council adopted the six core principles and the supporting principles of the national standards.

3.5 **The Local Code of Governance has been included in Appendix 1.**

4. GOVERNANCE ARRANGEMENTS ASSESSMENT GROUP

4.1 The Governance Arrangements Assessment Group monitors matters of governance continuously in a disciplined manner, raising a wider awareness of them and promoting a wider ownership of the Annual Governance Statement. The Group comprises the Chief Executive, the Monitoring Officer, the Corporate Commission Service Senior Manager (Corporate Support Department), the Delivering and Supporting Change Service Senior Manager (Corporate Support Department) and the Senior Manager Revenues and Risk (Finance Department).

4.2 The Group has used the Local Code of Governance to identify the 31 elements that form Gwynedd Council's Governance Framework and special consideration is given to the effect that each one of these is expected to have when adding public value for the people of Gwynedd. Prior to assessing the effectiveness of these elements, an Impact score was noted for each of the elements to reflect how comparatively large the effect of each one of them will be (in the Group's opinion) as they add public value. These scores vary from 1 (very little impact) to 10 (very large impact). These scores have been assessed, challenged and confirmed by the Council's Audit Committee, Corporate Management Team, Cabinet and Management Group.

4.3 None of the elements have scored less than 5 – if they had, it would be questionable if they deserved a prominent place within the Governance Framework at all.

5. SELF-ASSESSMENT OF THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

5.1 Various legislation means that the Council must review its governance arrangements at least once a year, and publish an Annual Governance Statement:

- The Accounts and Audit (Wales) Regulations 2014, which state:

The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk, and adequate and effective financial management.

The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control. The findings of the review must be considered by the members of the body meeting as a whole or by a committee.

Following the review, the body or committee must approve a statement on internal control prepared in accordance with proper practices. The relevant body must ensure that the statement accompanies any statement of accounts which it is obliged to prepare.

- CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (the "SORP")
- CIPFA / SOLACE Framework *Delivering Good Governance in Local Government* and subsequent addenda. The latest addendum was published in December 2012.

5.2 The Governance Arrangements Assessment Group meets regularly to assess the Council's governance arrangements, addressing issues that have come to its attention that affects its perception of the governance framework. It is noted in 4.2 above that the Group has scored the relative **Impact** of each element of the Governance Framework on a scale of 1 to 10. When conducting a self-assessment of the framework, the elements are also given an **Effectiveness** score. These scores range from 1 (very ineffective) to 10 (highly effective).

- 5.3 The evidence that is considered when undertaking the assessment of the effectiveness of the governance framework includes assessments by members and principal officers in developing the 'Gwynedd Way' system, the work of Internal Audit, and consideration of the results of the work of external auditors and regulators, including the Wales Audit Office, Estyn and the Care and Social Services Inspectorate Wales (CSSIW).
- 5.4 The result of this assessment is challenged by the Corporate Management Team and the Management Group.
- 5.5 The use of Impact and Effectiveness scores allow the use of a matrix containing the individual elements in order to demonstrate the effectiveness of the framework in its entirety. In doing so, it is possible to identify those elements that need to be prioritised, namely:

The elements that can have the greatest impact on our ability to act on behalf of the people of Gwynedd, but which are the least effective at the moment

- 5.6 **The latest matrix is included in Appendix 2.**
- 5.7 The **Annual Governance Statement** summarises the outcome of the governance self-assessment in a statement that tells the people of Gwynedd what our governance framework is, and how well it works.
- 5.8 The Audit Committee has a key function as the Council adopts its annual statement. When signing the Governance Statement, the Chief Executive and Council Leader confirm:
- “We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below”.
- 5.9 Therefore, in its last meeting before the end of June each year, the Audit Committee is asked to:
- Challenge the Senior Manager Revenue and Risk on the self-assessment of the 31 elements in the Council’s Governance Framework, and in particular the "Impact" and "Effectiveness" scores that have been identified, and the narrative that explains the justification for the score.
 - Consider the action plan contained in the Annual Governance Statement.
 - Approve the Statement, and recommend that the Council Leader and Chief Executive sign it.

6. ROLE OF THE STANDARDS COMMITTEE

- 6.1 The Local Code of Governance states that the procedural rules and the annual report of the Standards Committee supports Gwynedd Council in adhering to Core Principle 3 of the Code, which is promoting the authority's values and demonstrating the values of good governance by upholding high standards of conduct and behaviour.
- 6.2 In its latest assessment of the Impact and Effectiveness of the elements of the Governance Framework, as approved by the Audit Committee on 30 June 2015, the following was noted with regards to the Standards Committee:

Impact Score 6: *The Standards Committee holds members accountable for their behaviour. In that regard, it is helpful in ensuring that Council members act primarily for the benefit of People of Gwynedd.*

Effectiveness Score 7: *The Standards Committee is in place and operates with agreed Terms of Reference. Minutes of the Committee show that it examines specific cases as it undertakes its work. The Committee itself has also conducted a self assessment.*

Further assessment by the Governance Arrangements Assessment Group suggests that the efficiency score of 5 given in 2014 appears to be harsh, and assessment shows improvement. It was noted that the Committee fulfils its policing role well, but there is room for improving its activities of promoting good standards.

- 6.3 Gwynedd Council has established the Standards Committee in order to safeguard standards of conduct within the Council and propriety in all the Council's transactions, and has adopted the Local Government Investigations (Functions of Monitoring Officers and Standards Committees) (Wales) Regulations 2001 to manage the functions of the Committee. This contributes significantly to the Council's ability to ensure that members of the Council put the public interest at the forefront, rather than being self-serving.
- 6.4 The Annual Report of the Standards Committee is an example of evidence of how well the Committee achieves its objectives. The fact that the annual report is being prepared, and that the minutes of the Committee's meeting on 29 June 2015 shows that discussions have been held on the timing of the presentation of the report to the full Council, is evidence of the consideration given by the Committee itself to its role and how best to achieve that. This contributes to robust governance arrangements within the Authority.
- 6.5 There is an opportunity for the Standards Committee to challenge the scores in 6.2, and to provide evidence to suggest why they should be changed. This will allow the Monitoring Officer and Senior Manager Revenues and Risk to report back to the next meeting of the Governance Arrangements Assessment Group.

7. RECOMMENDATION

- 7.1 The Standards Committee is asked to consider this report, to comment on its content and approved the report.