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Ask for: Katy Reynolds  
Date: 5 July 2023

Dear Member

**GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 6 JULY 2023**

I am now able to enclose, for consideration at the Thursday, 6 July 2023 meeting of the Governance and Audit Committee, the following report that was unavailable when the agenda was printed.

**Agenda Item No**

7

**Annual Governance Statement Actions Update (Pages 1 - 6)**

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Watts', is written over a faint, larger version of the same signature.

Benjamin Watts  
General Counsel

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From: Ben Watts, General Counsel  
To: Governance and Audit Committee, 06 July 2023  
Subject: Annual Governance Statement  
Status: Unrestricted

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## Recommendation

The Governance and Audit Committee is asked to:

- a) **NOTE** the update on governance activity
  - b) **NOTE** the updated survey model for the Annual Governance Statement 2022/23
  - c) **COMMENT** on matters which will help inform the preparation of the draft AGS questionnaire for Members
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## 1. Introduction

- a) The final version of the Annual Governance Statement (AGS) for 2021/22 was approved on 26<sup>th</sup> January 2023. This report provides a summary of the activity which has taken place so far to address the actions identified within the statement.
- b) The actions are intended for delivery across the whole year but it was important to provide Members of the Committee with an update on the direction of travel ahead of the summer.
- c) The report also outlines the work undertaken to gather evidence and prepare for the 2022/23 Annual Governance Statement which will be presented to the Governance and Audit Committee in the autumn.
- d) When bringing the paper to the autumn committee, a detailed schedule of actions and progress will be provided along with proposals for Members to manage and monitor the progress through MS Teams in between meetings and to drive the future agenda based on their own perception of risk in addition to those areas identified by officers.

## 2. Annual Governance Statement 2021/22 – Actions Update

- a) The Annual Governance Statement for 2021/22 produced a number of key findings which reflected the financial and operational challenges faced by the Council.

- b) As part of the work following on from the agreement of the statement, the General Counsel has worked closely with Corporate Management Team colleagues to ensure that senior officers are aligned on how best to implement the necessary changes to ensure that the Council remains best placed to meet its challenges in the short and medium term. This has included work on the operational level governance to put in place a framework (under 6.15 of the Constitution) that will be concluded before the end of the year.
- c) Similarly, staff from Governance, Law and Democracy have delivered training to directorates with an open offer in relation to decision making processes and our governance generally.
- d) The statement made clear that greater focus needed to be paid to the written governance and governance arrangements of the Council, and drew attention to the significant consequences for residents, Members, staff, and the Council should failures occur.
- e) To mitigate the risks of non-compliance, the statement contained a list of 13 identified actions which drew upon the key findings of the report and focused on a number of critical areas including. Those actions are marked in bold below.
- f) Given the scope of the improvement activity, in direct response to the comments of the Governance and Audit Committee and the importance of getting it right, a dedicated “AGS team” has been put together to deliver against each of the 13 actions. This team is comprised of officers across the Governance, Law and Democracy division with expertise in governance, Member and officer development, committee development and process improvement.
- g) Over the past few months, the team has been gathering and analysing data, and engaging with key stakeholders across the Council working on the most effective approach to the identified actions. The following is a summary of the activity undertaken by the team thus far and further reports on activity will be provided to the Committee as we move through the autumn.
- h) **Member Development/Member Roles within the Governance** – A Member Development survey has been sent to all Members focusing on their role in relation to the Council’s governance, as well as providing the opportunity to highlight improvements in both communication and training received. The responses from this survey are currently being analysed to deliver a governance training programme for all Members.
- i) In reflecting on officer and Member responses, it is important that we further explore why people say that they are confused around the difference between executive, non-executive and officer roles. Through the Member Development Sub Committee of Selection and Member Services, supported by officers, work has been ongoing to build the training offer for Members and further and final details of this will be provided in the autumn.

- j) **New Mechanism for Decision Making** – The AGS team have engaged with a number of key contacts to review the current decision-making processes with the aim of identifying areas where automation can be utilised for better reporting and clearer accountability. This is about using the systems available to create an end to end process for decision-making which is mandated and will cover the contemporaneous position from initiation through to review of outcomes and delegations.
- k) **Written Governance** – The written governance is being reviewed and updates are currently ongoing and will be brought before the County Council in the autumn for approval. Some changes will be made by the General Counsel using delegated powers over the summer and these will be communicated to Members. The Governance and Audit Committee has seen at the last meeting the revised Spending the Council's Money document. Further work over the summer will take place on the Financial Regulations to create a greater focus on accountability and clarity of purpose in line with the current drafting approach adopted by the General Counsel. In addition, a short form guide for decision makers has been developed which provides an overview of the key constitutional provisions to help those new to decision making roles to quickly understand matters.
- l) **Lessons Learned** – A training session focused on lessons learned from reports into other local authorities was delivered to Members of the Governance and Audit Committee in June 2023. Additional analysis into failings at other authorities is currently underway to form part of a future training programme for both officers and Members. Members of this committee also have a formal report on the subject before this Committee in discharge of the AGS action.
- m) **Review of Decision Making Activity** – Officers have been carefully reviewing decision-making activity, the outcomes of which will be presented at the next Governance & Audit Committee. This paper will also be taken to the Selection and Member Services Committee and a copy provided to the Scrutiny Committee as it will provide an overview of the actual decisions taken by the Council. The report will also look at the amount of meeting time across the Council and how that is used. Given the current operating position and the AGS, the General Counsel is keen that all Members carefully consider whether the meeting time and decisions are being spent on the issues that are **material** to the Council.
- n) Similarly, the General Counsel is concerned to ensure that the lessons learned from both the AGS findings, the review carried out by Internal Audit and the reports into other authorities are embedded into the templates and processes for decision making. Whilst there will always rightly be a continual focus on the written governance, the key areas for improvement are around the behaviours linked to governance rather than the purpose or strategy for it. In short, it is no use having the best written governance if it is not complied with.
- o) Linked to the above, Members will be invited to a number of workshops being run over the summer to reflect on the effectiveness of some of our standing orders for meetings, to inform the review of decision-making activity and to carefully reflect on how Members scrutinise decisions as they are taken and then how the

Executive and Scrutiny can review them for efficacy and learning at a subsequent point. Whilst respecting the Member-Led nature of the Council, the General Counsel believes that this activity linked to agreement on roles will be vital in focusing minds and resources as effectively and efficiently as possible. Similar discussions will be taking place over the summer regarding the officer arrangements. The necessary reports framed in the AGS will then follow in the autumn.

- p) **Remodelled Questionnaire for 2022/23 AGS** – As outlined below in this report, a new survey model has been developed to support this year’s Annual Governance Statement.
- q) In relation to Information Governance Policies and Procedures, these have been reviewed and are currently being consolidated into a single document for ease of reference.
- r) It is clear that for many of the 13 actions, there is no “quick-fix” and some of the more significant changes will not be enacted until later in the financial Progress will be reported on in a timely manner for Members of the Governance and Audit Committee.

### **3. Annual Governance Statement 2022/23 – Update**

- a) In recent years, the ways in which we collect information to support the findings of the Annual Governance Statement has changed considerably, with the previous narrative-based approach replaced by the direct questioning and analysis of responses submitted by Senior Officers.
- b) For the 2021/22 AGS, the scope of the questionnaire was expanded to include an informal governance survey which captured the experience and opinions of officers involved in decision making. The data gathered in this survey provided invaluable insight into how we can improve the awareness and application of governance across the Council.
- c) In light of the challenges we have experienced over the past year, and continue to experience, it is vital that we continue to engage with officers across services to provide the additional granularity needed to improve how accountabilities and responsibilities are understood, embedded and enacted at all levels of the organisation.
- d) To facilitate this, a comprehensive list of officers across all services who are directly involved in decision making, governance, and the writing and/or presenting of papers at Committee meetings has been collated and the survey will be launched on Friday 7<sup>th</sup> July 2023. As with previous years, a separate survey will be sent to Senior Officers.
- e) Whilst these surveys are not identical, the Governance, Law & Democracy division, together with Internal Audit, have remodelled the questions for both surveys to ensure greater consistency in terms of the themes which are

addressed. It is hoped that this will provide the necessary data to identify any gaps between how governance is approached and communicated across different levels of the Council.

- f) We will also circulate a survey specifically to officers within the Democratic Services and Cabinet Support teams who work closely with both officers and Members and provide a crucial role as advisors, gatekeepers and a safety net for the Council.
- g) As noted in this report, a Member Development survey was circulated in mid-May and included a specific section on governance. The number of responses to this survey, and to the questions on governance in particular, was encouraging. While not part of the AGS surveys it will be able to inform the forthcoming statement in regards to the training needs of Members in governance.
- h) The perspective of Members is something which has not previously been included within our AGS survey model, although it has previously been captured in other ways. This year, we want to build on our understanding of the training needs which were communicated through the Member Development survey by inviting Members to complete an AGS survey. This focussed Member engagement will provide us with a more balanced, informed and accurate picture of our governance processes which will help us to implement the necessary adjustments to ensure we are moving in the right direction.
- i) In summary, the following surveys will be sent:
  - 1. CMT and Officers
  - 2. Governance, Law and Democracy
  - 3. Executive and Non-Executive Members
- j) Members are invited to make any comments either at the meeting or subsequently (given the late publication) to inform the drafting of the Member survey.

#### **4. Code of Corporate Governance**

- a) Members are respectfully reminded of the seven principles identified in 'Delivering Good Governance in Local Government (2016)', published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), as a best practice framework for local authorities. These are repeated below for completeness:
  - Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - Principle 2 - Ensuring openness and comprehensive stakeholder engagement.
  - Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits.

- Principle 4 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - Principle 5 - Developing the local authority's capacity, including the capability of its leadership and the individuals within it.
  - Principle 6 - Managing risks and performance through robust internal control and strong public financial management.
  - Principle 7 - Implementing good practices in transparency, reporting and audit to effective accountability.
- b) These are important principles which should be a prism through which all activity is delivered, even in challenging circumstances. These were reflected in our Code of Corporate Governance last year and are worth keeping in mind.
- c) The General Counsel believes that it would be timely to remind all Members about the Code of Corporate Governance and would welcome the Committee's views in this regard about how best to do this.

## 5. Recommendations

The Governance and Audit Committee is asked to:

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