



## Report of the Deputy Chief Executive

Governance & Audit Committee – 13 July 2022

# Local Code of Corporate Governance – Framework of Assurance

<b>Purpose:</b>	The report presents the Local Code of Corporate Governance and how Swansea Council implements and provides assurance on it.
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<b>For Information</b>	

### 1. Background

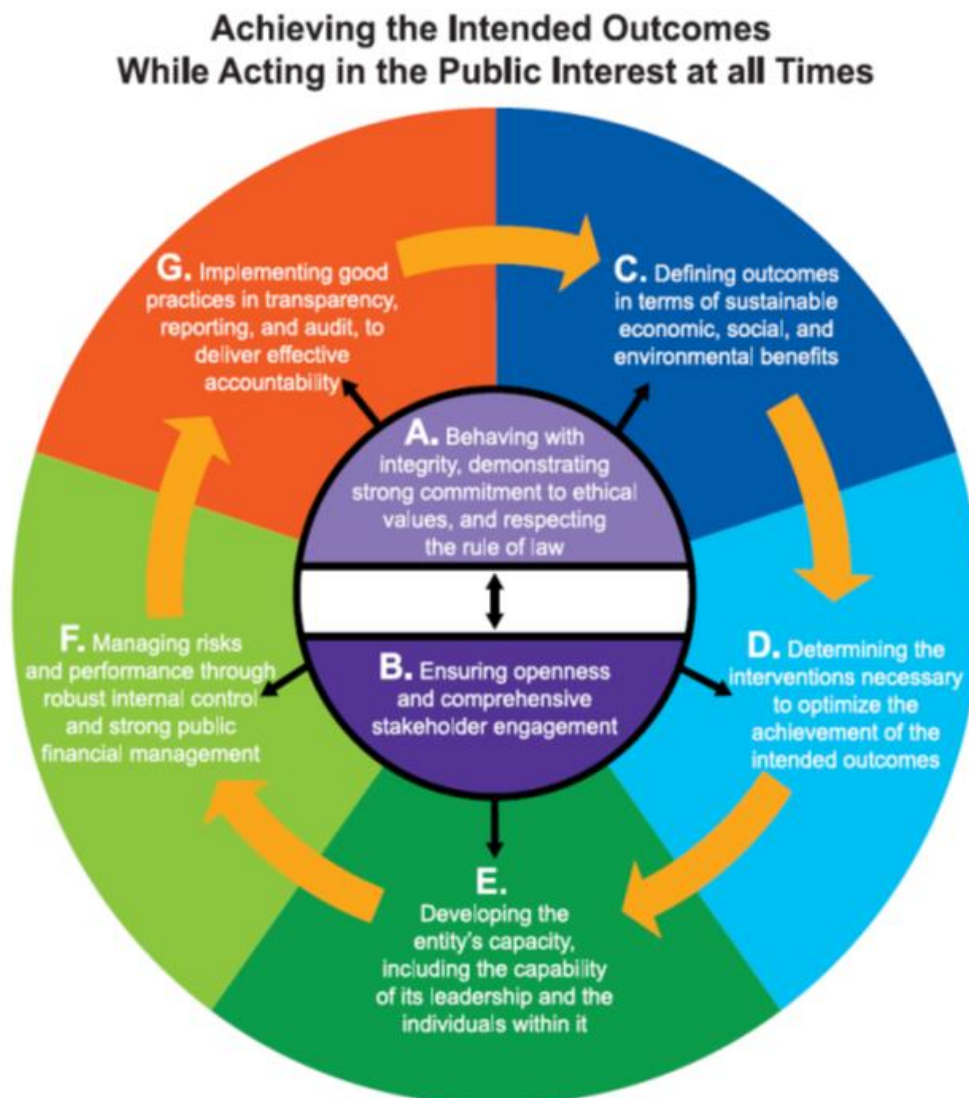
- 1.1 The *Delivering Good Governance in Local Government Framework* published by CIPFA and SOLACE in 2007 and reviewed in 2015 sets the standard for local authority governance in the UK.
- 1.2 The term Local Code of Corporate Governance essentially refers to the approved governance structure in place, as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.
- 1.3 To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and subprinciples contained in the Framework. It should therefore develop and maintain a local Code of Corporate Governance reflecting the principles set out in the CIPFA SOLACE Framework.
- 1.4 The Council adopted a Local Code of Corporate Governance in 2017. The Accounts and Audit (Wales) Regulations 2014 require that a review of the effectiveness of the governance arrangements must be undertaken at least annually and reported on within the Authority e.g. to

the Governance & Audit Committee. The Council publishes an Annual Governance Statement to this effect and the Internal Audit section reviews the Council's governance arrangements on an annual basis.

- 1.5 This 'for information' report summarises the Local Code of Corporate Governance and how Swansea Council implements it and provides assurance that arrangements remain robust and fit for purpose.

## 2. Local Code of Corporate Governance

- 2.1 The Local Code of Corporate Governance refers to the approved governance structure in place, reflecting the principles contained in the CIPFA SOLACE Framework. The diagram below summarises these key principles of good governance:



- 2.2 The tables below summarise the Local Code of Corporate Governance and how Swansea Council implements it.

Key Principle	How Swansea does this
Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	<ul style="list-style-type: none"> <li>• Council Constitution.</li> <li>• Codes of Conduct.</li> <li>• Standards Committee.</li> <li>• Monitoring &amp; other statutory officers.</li> <li>• Declarations of Interests.</li> <li>• Policies, procedures and rules.</li> <li>• Anti-fraud and corruption framework.</li> <li>• Internal and external audit and scrutiny</li> <li>• Member and Officer training.</li> </ul>
Ensuring openness and comprehensive stakeholder engagement	<ul style="list-style-type: none"> <li>• Forward Plan – key meetings, decisions.</li> <li>• Public meetings and questions.</li> <li>• Pre-decision scrutiny of Cabinet decisions and Call-In procedure.</li> <li>• Consultation &amp; Engagement Strategy and engagement with representative groups.</li> <li>• Communications, including social media.</li> <li>• Complaints policy and report.</li> <li>• Councillor Champions for under-represented groups.</li> <li>• Partnerships and partnership working.</li> </ul>
Defining outcomes in terms of sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>• Corporate Plan – with 6 Well-being Objectives to improve social, cultural, economic and environmental well-being.</li> <li>• Medium Term Financial Plan.</li> <li>• Corporate Performance Indicators.</li> <li>• Annual Review of Performance (self-assessment).</li> <li>• Service Plans.</li> <li>• Achieving Better Together Transformation Programme.</li> <li>• Procurement – social benefit clauses.</li> </ul>
Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> <li>• Written reports with options appraisal, integrated impact assessments and legal, financial, equality clearances.</li> <li>• Outcome and response to consultations incorporated into reports.</li> <li>• Quarterly and annual Risk &amp; Performance Management Reports.</li> <li>• Quarterly and annual budget monitoring reports.</li> <li>• Monthly Performance &amp; Financial Monitoring Meetings.</li> <li>• Scrutiny Panels and arrangements.</li> </ul>

Key Principle	How Swansea does this
<p>Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<ul style="list-style-type: none"> <li>• Induction programme – Members and Officers.</li> <li>• Councillor training programme.</li> <li>• Annual Performance Reviews for staff.</li> <li>• Mentoring scheme.</li> <li>• Workforce Strategy and organisational development.</li> <li>• Achieving Better Together Transformation Programme.</li> <li>• Chief Executive Appraisal and Remuneration Committee.</li> <li>• Council Constitution – scheme of delegation.</li> <li>• Clearly defined roles and responsibilities.</li> <li>• Let's Talk About community leadership hub.</li> </ul>
<p>Managing risks and performance through robust internal control and strong public financial management</p>	<ul style="list-style-type: none"> <li>• Risk Management Policy, Framework and arrangements.</li> <li>• Quarterly and annual performance and risk management reports.</li> <li>• Scrutiny Panels and arrangements, including pre-decision scrutiny and call-in procedures.</li> <li>• Monthly Performance &amp; Financial Monitoring meetings.</li> <li>• Robust Internal Controls.</li> <li>• Governance &amp; Audit Committee seeking assurance on internal control and governance arrangements.</li> <li>• Anti-fraud and Corruption Policies and plans.</li> <li>• Internal and External Audit.</li> <li>• Whistleblowing Policy.</li> <li>• Data Protection, Information Governance and GDPR Policy and arrangements.</li> <li>• Medium Terms Financial Plan.</li> <li>• Quarterly and Annual Budget Monitoring Reports.</li> <li>• Financial implications included in all reports.</li> <li>• Section 151 Officer.</li> </ul>

Key Principle	How Swansea does this
Implementing good practices in transparency, reporting and audit to deliver effective accountability	<ul style="list-style-type: none"> <li>• Standard reports templates and protocols.</li> <li>• Reports signed off by legal, finance, Cabinet Members and access to services staff.</li> <li>• Agendas, Reports and Minutes published on the Council's website.</li> <li>• Forward Look – detailing decisions to be taken.</li> <li>• Publication of delegated decisions.</li> <li>• Quarterly and Annual Performance and Budget Monitoring Reports.</li> <li>• Annual Statement of Accounts, incorporating the Annual Governance Statement.</li> <li>• Internal and External Audit Reports published and responded to.</li> <li>• Annual Review of Performance, incorporating Self-assessment Report.</li> <li>• Externally-led Panel Performance Assessments (peer reviews).</li> <li>• Governance &amp; Audit Committee seeking assurance on governance and accountability</li> <li>• Scrutiny Panels and arrangements, including pre-decision scrutiny and call-in procedures.</li> </ul>

### 3. Assurance: Annual Governance Statement

- 3.1 Assurance on the application of the Local Code of Corporate Governance is provided through the production of the Annual Governance Statement (AGS), which is reported for assurance to Governance & Audit Committee each year.
- 3.2 The AGS explains how the Council has complied with the Local Code of Corporate Governance and meets the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018).
- 3.3 The AGS identifies any significant governance issues and the actions that are proposed to tackle and resolve them. The AGS describes internal and external sources of assurance on the Council's Governance arrangements.

### 3.4 *Internal Sources of Assurance*

- 3.4.1 *Self-Assessment & Management Assurance Statements (SMAS)* – these are statements from Corporate Directors that seek to provide a self-assessment and assurance on the performance and governance arrangements within their directorates. Each Director assesses assurance for their areas of responsibility using a 5 point maturity scale ranging from “Not in place” to “Embedded”. Directors are expected to consult with their Heads of Service to support a directorate approach to each Statement. SMASs are reviewed and challenged at Corporate Management Team (CMT) and at an Annual Governance Group chaired by the Deputy Chief Executive consisting of the statutory officers, Strategic Delivery & Performance Manager and a representative from the Governance & Audit Committee.
- 3.4.2 *The Monitoring Officer* - The Chief Legal Officer is the Monitoring Officer with a specific duty to ensure that the Council, Officers and Members maintain the highest ethical standards of conduct. The Standards Committee has the responsibility for monitoring the ethical standards of conduct and to deal with any breaches of the Code referred to the Committee by the Public Service Ombudsman (PSOW).
- 3.4.3 *The Section 151 Officer* – the functions of the S151 Officer includes: ensuring lawfulness and financial prudence of decision making; sound administration of the financial affairs of the Council; providing professional financial advice to CMT; giving advice on the scope of powers and authority to take decisions, maladministration, financial impropriety probity and Budget and Policy Framework issues to all Councillors, and; in conjunction with the Monitoring Officer, advise whether decisions of the Cabinet are in accordance with the Budget and Policy Framework. This is done through the budget, Medium Term Financial Plan, Statement of Accounts and a number of quarterly and annual reports from the S151 Officer to CMT, Cabinet, Council, Scrutiny and Governance & Audit Committee.
- 3.4.4 *Chief Auditor Opinion* - The Chief Auditors Opinion provides assurance to inform the Council’s Annual Governance Statement and provides ‘reasonable’ assurance that the systems of internal control within the areas of the Council reviewed are operating adequately and effectively. It is informed by internal audit work throughout the year, as set out in the risk-based audit plan. This work plan includes a specific annual audit of the Council’s governance arrangements.
- 3.4.5 *Governance & Audit Committee* - The Governance & Audit Committee provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of the Governance & Audit Committee is to provide independent assurance of the adequacy of the risk management framework, the internal control environment and the performance assessment of the Council. It provides an independent

review of the governance, performance assessment, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### 3.5 *External Sources of Assurance*

- 3.5.1 *External Auditors* – Audit Wales is the trademark of two legal entities: the Auditor General for Wales and the Wales Audit Office. Each has its own particular powers and duties: the Auditor General audits and reports on Welsh public bodies; the Wales Audit Office provides staff and other resources for the Auditor General’s work, and monitors and advises the Auditor General. Audit Wales undertakes a number of national and local audits each year and presents each Council with an Annual Audit Summary, which summarises their work undertaken in the Council each year. This includes: the audit of accounts to make sure that public money is being properly accounted for; testing the arrangements the Council has in place to get value for money for the resources it uses; reviewing the arrangements that the Council has put in place to make continuous improvements; assessing the extent to which the Council considers the impact they could have on people living in Wales now and in the future.
- 3.5.2 *Statutory external inspections/regulators* – Care Inspectorate Wales are the independent regulator of social care and childcare in Wales. They register, inspect and take action to improve the quality and safety of social care and childcare services for the well-being of the people of Wales. This includes inspecting and driving improvement of regulated services and local authority social services. Estyn inspects quality and standards in education and training in Wales, which includes schools and local government education services.

### 3.6 *Core evidence of assurance*

- 3.6.1 There is a set of core evidence that provides assurance based on reports.
- 3.6.2 *Council and Cabinet* - the Corporate Plan sets out the Council’s Well-being Objectives, the steps to deliver them and the values and principles underpinning the delivery of its objectives. Performance on delivery of the Council’s Well-being Objectives is reported quarterly and annually to Cabinet. The reports contain outturn against performance indicators and an overview of performance for each objective provided by Directors/Heads of Service. An Annual Review of Performance providing a self-assessment on progress meeting the objectives is also reported to Cabinet each year.
- 3.6.3 There are a number of annual reports presented to Council and Cabinet that help provide assurance. An Annual Complaints Report

and the Ombudsman's Annual report is submitted to Cabinet each year. The Annual Complaints Report reflects the continued emphasis on prompt resolution of complaints and includes compliments about services. The Governance & Audit Committee Annual Report is presented to Council each year and outlines the assurance the Committee has gained over control, risk management and governance from various sources over the course of the year.

3.6.4 An Annual Equality Review Report is reported to Cabinet each year, which highlights progress against the Council's Equality Objectives as stated in its Strategic Equality Plan. The Welsh Language Annual Report reflects progress and compliance on the 163 Welsh Language Standards across five categories with which the Council has to comply. The Annual Scrutiny Report to Council highlights the work carried out by Scrutiny during each year and how Scrutiny makes a difference and supports continuous improvement. The Standards Committee Annual Report to Council describes the committees work during the year to ensure high standards of conduct.

3.6.5 *Committees* - The Council's Scrutiny function is carried out by a Scrutiny Programme Committee, which delivers an agreed programme of work through Committee meetings and through Scrutiny Panels and Working Groups established by the Committee. Through this range of activities, scrutiny councillors make sure the work of the Council is accountable and transparent, effective and efficient, and help the Council to achieve its objectives and drive improvement. The Standards Committee is chaired by an independent person and is responsible for monitoring the ethical standards of the authority and maintaining the highest standards of conduct by elected councillors. The Governance & Audit Committee aims to obtain assurance over the areas included in its terms of reference, including the adequacy of the risk management framework, the internal control environment and the performance assessment of the Council. The Pension Fund Committee establishes and keeps under review policies to be applied by the Council in exercising its obligations duties and discretions as an administering Authority under the Local Government Pension Scheme Regulations. The Democratic Services Committee reviews the adequacy of provision by the authority of staff, accommodation and other resources to discharge Democratic Services functions. The purpose of the Corporate Development Committees is to drive the development of policy for consideration and adoption by Cabinet and or Council as appropriate.

#### **4. Integrated Assessment Implications**

4.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:



- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

4.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the ‘well-being goals’.

4.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

4.1.3 This is an ‘information only’ report providing an overview of the Local Code of Corporate Governance assurance framework, so there is no direct impact on people or communities from this report.

## **5. Legal Implications**

5.1 There are no legal implications.

## **6. Financial Implications**

6.1 There are no financial implications.

**Background papers:** None.

**Appendices:** None.