



## CABINET – 2ND APRIL 2014

**SUBJECT: IMPROVING GOVERNANCE PROGRAMME UPDATE**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND S.151 OFFICER**

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### 1. PURPOSE OF REPORT

- 1.1 To inform the Cabinet of progress against the action plan resulting from the WAO Public Interest Report on the Chief Officers Pay published in March 2013, along with the wider Improving Governance Programme including the action plans resulting from the WAO Public Interest Report on Chief Officers Essential Car Users and Annual Leave Allowance published in December 2013 and the Special Inspection Report published in January 2014 as presented to and approved by Council on 28th January 2014 and Cabinet on 19th February 2014.

### 2. SUMMARY

- 2.1 The Council's Appointed Auditor issued a *Report in the Public Interest* on 6th March 2013 under section 22 of the Public Interest (Wales) Act 2004. The Appointed Auditor published this report to draw the public's attention to a failure in governance arrangements and inadequacies in the processes adopted by the Council to determine the pay of Chief Officers.
- 2.2 The Appointed Auditor made five recommendations and on 23rd April 2013, the Council approved an action plan to address the auditor's recommendations.
- 2.3 A Programme Board was established (the Improving Governance Programme Board) to oversee the work on the action plan to address these five recommendations. The work of the Board was expanded to cover other areas of governance, identified within the Council for further improvement. The Board is made up of the Cabinet Member for Governance and a number of Senior Officers including a secondee from Aneurin Bevan Health Board. The Board is chaired by the Acting Director of Corporate Services & S151 Officer.
- 2.4 Progress against the recommendations has been reported to the Board on a fortnightly basis and to CMT monthly. Cabinet have received briefings and reports on progress, and formally noted progress at the meeting on 18th September 2013, 16th October 2013, 13th November 2013, 11th December 2013 and 19th February 2014. The Audit Committee have reviewed reports on 6th November, 11th December 2013 and 5th March 2014.
- 2.5 The Auditor published two reports, the Wales Audit Office Public Interest Report on Chief Officers Essential Car User and Annual Leave Allowances (Allowances PIR, December 2013) and the Special Inspection Caerphilly County Borough Council (Special Inspection Report, January 2014), that were both presented to Council on 28th January 2014. The reports highlighted a number of additional recommendations in relation to corporate governance. At this Council meeting the recommendations set out in the individual WAO Reports and proposed Action Plans to comply with the recommendations were approved. The additional actions have been incorporated into the existing Improving Governance Programme, which has proved to be successful to date in driving the Council's Action Plan to improve its corporate governance arrangements.

- 2.6 This report outlines progress made to date and includes a copy of the updated Programme structure (attached at Appendix 1). The majority of the actions resulting from the recommendations included in the original Public Interest Report have been completed. There are six actions still outstanding but approaching completion. Significant progress has also been achieved in the additional areas of improvement identified by the authority and included in the wider Improving Governance Programme.
- 2.7 As mentioned in paragraph 2.5 the additional Action Plans resulting from the recommendations published in the *Special Inspection Report* and in the *Essential Car Users and Annual Leave Allowances* PIR have been incorporated in the Improving Governance Programme. The additional work has commenced and progress is being monitored by the IGP Board with the original aim of completion by the end of May 2014.
- 2.8 In light of the most recent suspension of a further senior officer, the programme has slipped due to current capacity issues prior to interim arrangements being confirmed and implemented. Some elements of the programme are likely to slip by up to two months.

### **3. LINKS TO STRATEGY**

- 3.1 Good governance is a pre-requisite of the activities of any Local Authority. Increasingly, the requirement to not only exhibit good governance but to demonstrate a robust system for self-evaluation will present a far greater challenge.

### **4. THE REPORT**

- 4.1 Following on from the latest report presented to Cabinet on 11th December 2013, this report provides an update on the progress of the Improving Governance Programme.

- 4.2 The programme originally included:

- (a) the WAO Public Interest Report March 2013 Action Plan, and
- (b) additional areas identified by the authority

- 4.3 Following the publication of the Public Interest Report on Chief Officers Essential Car User and Annual Leave Allowances (Allowances PIR, December 2013) and the Inspection Caerphilly County Borough Council Report (Special Inspection Report, January 2014) by the Wales Audit Office additional action plans are now included in the programme. These will be monitored by the IGP Board (see Appendix 1 for the work-streams and revised structure of the updated Programme).

#### **4.4 Public Interest Report (March 2013) Action Plan**

- 4.4.1 The Public Interest report covered five key areas:

- Advertisement of meetings
- Conflicts of interest
- Procedures for new Committees
- Records of meetings
- Clarity and comprehensiveness of Reports to Committees

- 4.4.2 The majority of the actions have been completed and only 6 actions out of the original 37 remain outstanding. These issues have been and will be the subject of further reports, to be presented to Members before the end of March 2014.

- 4.4.3 The Action Plan with current progress is attached in Appendix 1.

## 4.5 Other areas for improvement

4.5.1 As described in the previous reports, alongside the recommendations included in the WAO *Chief Officers pay* PIR, the wider Improving Governance Programme aims at addressing other areas of improvement in respect of governance arrangements in order to strengthen processes and procedures and streamline, where possible, the business operations of the Council.

4.5.2 The wider Programme included the additional areas of:

- Performance Management
- Risk Management
- Scrutiny
- Human Resources
- WAO outstanding governance improvements

### Performance Management

4.5.3 The Council's Performance Report 2012/13 was published in October 2013. An initial report on Corporate Planning was approved by Cabinet on 30th October 2013. Workshops on the whole planning cycle were held for Heads of Service detailing the recommended way forward during October and November. The future activities are focusing on developing a new Corporate Plan, Service Plans and self-evaluation. A report on corporate planning and self-evaluation was presented to Cabinet on 5th March 2014.

### Risk Management

4.5.4 A report on "Risk Management Strategy and Guidance", presented at the Audit Committee on 17th September 2013, was subsequently approved by Cabinet on 2nd October and risk management workshops have been organised for Audit Committee and Cabinet. The Corporate Risk Register was presented to Audit Committee on 6th November and on 5th March 2014 with the new lay-out. Drafts of Directorate Risk Register (DRR) are being prepared by individual Directorates. The DRR reporting will be included on Scrutiny Forward Work Programmes. Risk Management training will be extended to Scrutiny members.

4.5.5 The Risk Management work-stream has recently been expanded to include further recommendations following the *Special Inspection Report (R4 Risk management processes to further embed risk management across the Council)* as detailed in paragraph 4.7 below.

### Scrutiny

4.5.6 Following a full review of the WAO report on Scrutiny, a Scrutiny Action Plan was developed and a report was presented to Democratic Services Committee on 3rd October and approved by full Council on 8th October 2013. Most of the actions included in the approved plan are complete or approaching completion as detailed in the *Scrutiny Improvement Action Plan – Update* Report presented to the Scrutiny Leadership Group on 30th January 2014.

### Human Resources

4.5.7 There are a number of outstanding recommendations relating to the HR function from previous WAO reviews (see Audit Committee report on outstanding recommendations), which have now been established as part of the wider IGP. These are being progressed but are not yet complete.

4.5.8 In addition to the above other areas of improvement have been highlighted in the WAO Special Inspection report (*R5 Roles and responsibilities for whistle-blowing procedures* and *R7 Actions identified to improve the HR function and workforce planning* as detailed in paragraph 4.7 below) and are now part of the revised work-stream (see Appendix 1 diagram).

#### **WAO outstanding governance improvements**

4.5.9 Apart from the three outstanding improvements from previous WAO reviews, this work-stream has been extended to include two additional areas as highlighted in both the *Allowances Public Interest* report (*R1 Records of decisions* and *R2 Implementation of Decisions*) and the *Special Inspection Report (R2 Documentation of all decisions)* and as detailed in the paragraph below 4.6 and 4.7.

4.5.10 In respect of two of the three outstanding recommendations, work is underway to address the strengthening of governance in partnerships and collaborations and the first report on progress to date was presented to Audit Committee on 11th December 2013 and a further report was presented on 5th March with the final one expected in June. For the third recommendation a report in respect of progress on the Business Continuity Planning was presented to Audit Committee on 5th March 2013.

#### **4.6 New Actions from WAO Essential Car User and Annual Leave Allowances PIR (Allowances PIR)**

4.6.1 The recommendations received in relation to the report above, presented to Council on 28<sup>th</sup> January 2014, can be summarised as follows:

- R1 Records of decisions
- R2 Implementation of Decisions
- R3 Statutory Officer Advice
- R4 Reports

4.6.2 The resulting action plan was presented to Council on 28th January and attached to this report in Appendix 2.

4.6.3 Recommendation *R3 Statutory Officer Advice* has already been addressed and relevant actions completed. The actions relevant to recommendations *R1 Records of decisions* and *R2 Implementation of Decisions* are expected to be completed by April 2014. The actions relevant to the recommendation *R4 Reports* are in progress and their completion, i.e. officers training, is expected by the end of August 2014.

#### **4.7 New Actions from WAO Report – Special Inspection CCBC (Special Inspection Report).**

4.7.1 The recommendations received in relation to the report above can be summarised as follows:

- R1 Governance and decision-making roles
- R2 Documentation of all decisions
- R3 Improving Governance Programme Board action plan
- R4 Risk management processes to further embed risk management across the Council.
- R5 Roles and responsibilities for whistle-blowing procedures
- R6 Expectations of the Internal Audit service and its programme
- R7 Actions identified to improve the HR function and workforce planning
- R8 Importance of following appropriate procurement procedures

4.7.2 The resulting action plan was also presented to Council on 28<sup>th</sup> January and attached to this report in Appendix 3.

- 4.7.3 The actions relevant to recommendation *R1 Governance and decision-making roles* and *R2 Documentation of all decisions*. This work has been commenced but will not be finalised within the original timescales. A further update in terms of timescales will be provided in the next Progress Report .However it is anticipated that timescales will be slipped by up to two months.
- 4.7.4 In relation to recommendation *R3 Improving Governance Programme Board action plan*, the outstanding actions included in the original IGP action plan (as per detail in previous paragraphs) are expected to be completed by the end of April 2014 while the Programme will further continue to address and monitor the additional areas of improvement.
- 4.7.5 The majority of the actions in relation to recommendation *R4 Risk management processes to further embed risk management across the Council* are scheduled for completion by the end of April 2014.
- 4.7.6 The adoption of the new Framework Constitution is proving more difficult than first thought. There are still issues with the external IT support and consequently it is looking increasingly unlikely that the adoption of the new Framework Constitution will take place at the AGM. The IGPB will continue to be updated in terms of progress. In the meantime in relation to the actions identified in relation to recommendation *R5 Roles and responsibilities for whistle-blowing procedures*, this will now be pursued separately from the adoption of the All Wales Framework Constitution.
- 4.7.7 The actions relevant to recommendation *R6 Expectations of the Internal Audit service* and its programme are expected to be completed by the end of March 2014, those in relation to *R7 Actions identified to improve the HR function and workforce planning* and *R8 Importance of following appropriate procurement procedures* are scheduled for completion by the end of April 2014.
- 4.8 Progress on all actions will next be reported to Cabinet on 4th June 2014.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 The principles of good governance are directly linked to the Council's Strategic Equality Objectives, stemming from duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Welsh Language (Wales) Measure 2011. Equalities Implications are a standard part of all committee reports in order to ensure that due consideration has been given to the views of individuals and groups from the communities of Caerphilly county borough, regardless of their backgrounds and circumstances.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 Cabinet on 23rd July, 2013 agreed that a provision be set aside of £50K to fund additional costs in respect of delivery of the Action Plan and Corporate Governance. This provision will be kept under review to ensure that it remains adequate to cover off any additional cost.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 A secondment arrangement is currently in place with the Aneurin Bevan Health Board that releases an individual with extensive experience in Local Government Corporate Governance related issues to the Authority on a part-time basis to assist with the implementation of the Action Plan. The basis of the secondment was reviewed in December 2013 and the individual concerned has reduced their support to an average of 1 day per week. A further review will be undertaken by the end of March 2014.

7.2 There are currently capacity issues in respect to Legal Services that will be resolved once interim arrangements have been implemented.

## 8. CONSULTATIONS

8.1 All comments received are contained within the report.

## 9. RECOMMENDATIONS

9.1 To note progress against the WAO Public Interest Report Action Plan and the wider Improving Governance Plan determined in April 2013 along with the action plans recently incorporated in the programme resulting from the recommendations included in the WAO Public Interest Report on Chief Officers Essential Car User and Annual Leave Allowances (December 2013) and the Special Inspection Report (January 2014).

## 10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure Cabinet is updated on the progress of the WAO Public Interest Report Action Plan and the wider Improving Governance Plan as recently updated to incorporate the additional recommendations and action plans approved by Council on 28th January 2014.

## 11. STATUTORY POWER

11.1 Local Government Act 2000.

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Consultees: Cllr Christine Forehead, Cabinet Member for HR and Governance / Business Manager

- Corporate Management Team
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  - Gill Lewis, Seconded ABHB
  - Colin Jones, Head of Performance and Property Services
  - Gail Williams, Interim Monitoring Officer
  - Gareth Hardacre, Head of People Management and Development
  - Lisa Lane, Solicitor
  - Alessandra Veronese, Programme Manager
- Jonathan Jones, Democratic Services Manager

### Background Papers:

- Programme Working Documents
- Report to Cabinet on 13th November 2013 - *Improving Governance Programme Update*
- Report to Cabinet on 16th October 2013 - *Improving Governance Programme Update*
- Report to Cabinet on 18th September 2013 - *Improving Governance Action Plan*
- Report to Cabinet on 11th December 2013 - *Improving Governance Action Plan*
- Report to Cabinet on 2nd October 2013 – *Risk Management Strategy and Guidance*
- Report to Council on 8th October 2013 – *Scrutiny Improvement Action Plan*
- Report to Cabinet on 30th October 2013 – *Corporate Planning and Performance Framework*
- Report to Council on 29th January 2014 - *Wales Audit Office Report – Public Interest Report on Chief Officers Essential Car User and Annual Leave Allowances*
- Report to Council on 29th January 2014 - *Wales Audit Office Report – Special Inspection Caerphilly County Borough Council*

- Report presented to the Scrutiny Leadership Group on 30th January 2014 - *Scrutiny Improvement Action Plan – Update*
- Report to Cabinet on 19th February 2014 - *Improving Governance Programme Update*
- Report to Cabinet on 5th March 2014 – *Corporate planning – self-evaluation*
- Report to Audit Committee on 5th March – *CCBC Partnerships and Collaborations.*
- Report to Audit Committee on 5th March – *Business Continuity Management*
- Report to Audit Committee on 5th March – *Internal Audit Services Annual Audit Plan*

Appendices:

Appendix 1	Improving Governance Programme – Work Breakdown Structure as of 4th March 2014 and WAO Report in the Public Interest March 2013 – Action Plan and Progress to date – 4th March 2014
Appendix 2	Summarised Action Plan for the WAO Public Interest Report in relation to Chief Officer Essential User and Annual Leave Allowances
Appendix 3	Summarised Action Plan for the WAO Special Inspection Report