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CHAPTER ONE

Introduction

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: RELATIONSHIP WITH THE FRAMEWORK

- 1.1** *Delivering Good Governance in Local Government: Framework*, published by CIPFA in association with Solace in 2007, set the standard for local authority governance in the UK. CIPFA and Solace reviewed the Framework in 2015 to ensure it remains ‘fit for purpose’ and published a revised edition in spring 2016. A comparison of the principles from the Framework (2016) and those included in the Framework (2007) is included for information at Appendix A to these guidance notes.
- 1.2** The new *Delivering Good Governance in Local Government: Framework* (CIPFA/Solace, 2016) applies to annual governance statements prepared for the financial year 2016/17 onwards.
- 1.3** The concept underpinning the Framework is that it is helping local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:

 - resources are directed in accordance with agreed policy and according to priorities
 - there is sound and inclusive decision making
 - there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 1.4** The Framework draws on earlier work on governance in the public services which is briefly outlined at Appendix B to these guidance notes.
- 1.5** It is intended that the Framework is used by local authorities (across their governance systems, structures and partnerships) including:

 - county councils
 - district, borough and city councils
 - metropolitan and unitary boroughs
 - Welsh unitary authorities
 - the Greater London Authority and functional bodies
 - combined authorities, city regions, devolved structures
 - the City of London Corporation
 - combined fire authorities
 - joint authorities

- police authorities, which for these purposes since 2012 includes both the police and crime commissioner (PCC) and the chief constable
- national park authorities.

PURPOSE OF THE GUIDANCE NOTES

- 1.6** These guidance notes should be used in conjunction with the Framework. They are intended to assist Welsh authorities across their governance systems, structures and partnerships in reviewing and testing their governance arrangements against the principles for good governance. They will also help them in interpreting the principles and terminology contained in the Framework in a way that is appropriate for their governance structures, taking account of the legislative and constitutional arrangements that underpin them. However, it is not intended that these guidance notes are in any way prescriptive – all authorities are encouraged to consider carefully the content of the Framework and to use it in a way that best reflects their structure, type, functions and size.
- 1.7** The Welsh guidance notes share key sections and case studies with the English guidance notes and have a common format. However, they take account of Welsh legislation and Wales only policies. The Welsh guidance notes have been produced during a period of local government and public service reform in Wales; they therefore seek to reflect the implications for governance of the [Well-being of Future Generations \(Wales\) Act 2015](#), the provision of which commenced on 1 April 2016.
- 1.8** These guidance notes are aimed at local government in Wales (separate guidance notes are available for the police) and will be particularly useful for officers. They are intended to help those supporting political and officer leadership with establishing robust governance. They signpost component parts of the process and establish a hierarchy of support.
- 1.9** These guidance notes aim to assist authorities in:
- considering how they might go about reviewing their governance arrangements
 - developing and reviewing governance arrangements across the whole governance system including partnerships, shared services and alternative delivery vehicles
 - developing and updating their own local codes of governance
 - demonstrating compliance with the principles of good governance.
- 1.10** The term ‘local code’ 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. For example, Staffordshire County Council in England draws together on a single sheet all its systems, processes and documents that contribute to the authority’s governance. The extent to which they are in place and effective is considered as part of the authority’s annual review.
- 1.11** It is suggested that, in using the Framework and guidance notes, authorities should nominate an individual or group of individuals within the authority who have appropriate knowledge and expertise and levels of seniority to:
- consider the extent to which the authority complies with the principles of good governance set out in the Framework

- identify systems, processes and documentation that provide evidence of compliance
 - identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified
 - identify issues that have not been addressed in the authority and consider how they should be addressed
 - identify the individuals who would be responsible for undertaking the actions that are required.
- 1.12** The [Accounts and Audit \(Wales\) Regulations 2014](#) require that the review of governance arrangements must be reported on within the authority, for example to the audit committee or other appropriate member body, and externally with the published accounts of the authority. In doing this, the authority is looking to provide assurance that:
- its governance arrangements are adequate and working effectively in practice
 - where the reviews of the governance arrangements have revealed significant gaps which will impact on the authority achieving its objectives, what action is to be taken to ensure effective governance in future.

TERMINOLOGY

- 1.13** The terms ‘authorities’, ‘local government organisations’ and ‘organisations’ are used throughout the guidance notes and should be taken to cover partnerships and joint working arrangements in operation. A full glossary of terms used in the guidance notes is included at Appendix C.

CONTEXT FOR THE UPDATE

Local government reform

- 1.14** Local government continues to undergo significant change, much of which has been driven by austerity measures. In order to cope, authorities will need to continue to adapt the way in which they operate. Local authorities have responded to austerity through increased partnership working and developing their role as ‘enablers’. Authorities will continue to make difficult decisions which may mean that certain services are no longer provided, but in doing this they need to communicate effectively with their communities, service users, stakeholders and individuals to ensure that the most vulnerable citizens are protected.
- 1.15** At the same time, significant reform is envisaged for local government in Wales. The Welsh Government’s approach to public service reform has been based on collaboration between authorities and public service providers, and more recently encouragement of alternative models of service delivery. At time of writing, the Welsh Government is proposing that local authorities should work together regionally to deliver key services.
- 1.16** A key piece of legislation in Wales is the [Well-being of Future Generations \(Wales\) Act 2015](#). This Act requires public bodies covered by the Act, including local government, to consider the longer term in making their decisions and to work collaboratively with other public bodies to improve wellbeing in Wales. The Act places a wellbeing duty on specified public bodies to set wellbeing objectives that maximise their contribution to achieving wellbeing goals. It sets

out seven wellbeing goals for public bodies and requires them to act in a sustainable way. It also sets out five ways of working that public bodies are required to take into account when applying sustainable development; these are explored in more detail in Chapter three. Public bodies are required to review their wellbeing objectives when preparing their annual report.

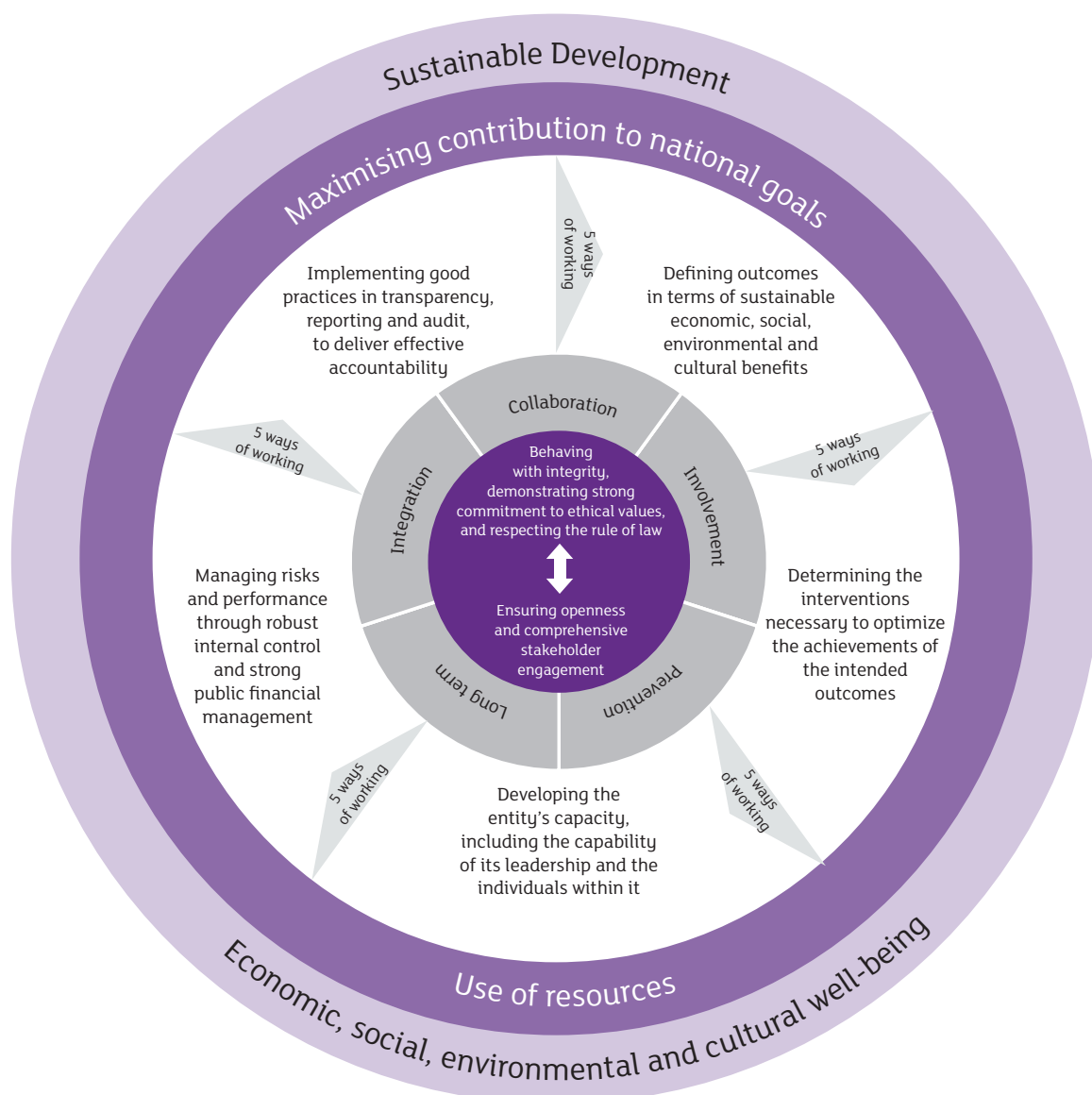
- 1.17** The Well-being of Future Generations and What it Means for Your Audit (2016) is a consultation by the Auditor General for Wales and explains the Act as follows:

The WFG Act requires most public bodies in Wales to carry out sustainable development. It places a well-being duty on those public bodies to set and publish objectives designed to maximise their contribution to the seven national well-being goals. They are also required to take all reasonable steps to meet those objectives. This is intended to strengthen sustainable development in these bodies through effective governance. The Act identifies five ways of working which can support the well-being of future generations – integration, collaboration, long term, involvement and prevention.

- 1.18** The 2015 Act also establishes public services boards (PSBs) for each local authority area. Each PSB is required to improve the economic, social, environmental and cultural wellbeing of its area by working to achieve the wellbeing goals. The Act is central to the Welsh Government's long-term policy for the public services and its themes tie in with the [International Framework: Good Governance in the Public Sector](#) (CIPFA/IFAC, 2014), on which the [Delivering Good Governance in Local Government: Framework](#) (CIPFA/Solace, 2016) is based.
- 1.19** In Appendix 1 to the consultation, the Auditor General for Wales has set out a diagram which brings together the International Framework with the requirements of the 2015 Act. The diagram together with an explanation are set out below.
- 1.20** The International Framework places the attainment of sustainable economic, societal and environmental outcomes as a key focus of governance processes and structures.
- 1.21** The diagram below shows sustainable development as all encompassing. The core behaviours of:
- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
 - ensuring openness and comprehensive stakeholder engagement

need to be applied to the five ways of working. The five ways of working (underpinned by the core behaviours) have to permeate all segments of delivering outcomes, which in turn should ensure effective use of resources as public bodies maximise their contribution to the economic, social, environmental and cultural wellbeing of Wales.

Well-being of Future Generations (Wales) Act 2015 and the International Framework



Social Services and Well-being (Wales) Act 2014

- 1.22** The [Social Services and Well-being \(Wales\) Act 2014](#) requires local authorities, health boards and Welsh ministers to promote the wellbeing of those who need care and support. Local authorities, health boards and NHS trusts must ensure that they work together closely to improve integration of health and social care and to ensure that resources are used effectively. Partnership boards are required to prioritise the integration of services in relation to vulnerable groups of people.
- 1.23** The development of new structures as a result of key policies affecting local government and other policies, such as elected mayors, brings about the chance to design governance structures from the bottom up. It provides the opportunity to ensure that the core principles of good governance covering openness and stakeholder engagement, defining outcomes, monitoring performance and demonstrating effective accountability are integrated and

embedded within the new structures and that mechanisms for effective scrutiny are established.

- 1.24** At the same time, the development of innovative collaborative structures and ways of working provide challenges for governance such as ensuring transparency and, in particular, for managing risk. Whether working with other authorities, public sector bodies, the third sector or private sector providers, local authorities must ensure that robust governance arrangements are established at the outset. These arrangements provide for a shared view of expected outcomes supported by effective mechanisms for control and risk management, thereby ensuring that the public purse is properly protected. It is vital that all joint arrangements observe all the principles of good governance and are managed and reviewed with the same rigour.