

POWYS COUNTY COUNCIL

ANNUAL GOVERNANCE STATEMENT 2011/12

1. Scope of Responsibility

- 1.1 Powys County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for; and is used economically, efficiently and effectively. Powys County Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised.
- 1.2 In discharging this overall responsibility, Powys County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Powys County Council adopted a system of corporate governance in June 2008, which is consistent with the principles of the CIPFA/SOLACE¹ Framework *Delivering Good Governance in Local Government*. This statement will explain how Powys County Council has complied with the code.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, cultures and values, by which the Authority is directed and controlled and through which it accounts to, engages with and where appropriate 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 system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Powys County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The following section summarise the governance framework and the system of internal control which has been in place in Powys County

¹ Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives

Council for the year ended 31st March, 2012. The Council's Corporate Governance Manual can be found at:

<http://www.powys.gov.uk/index.php?id=3361&L=0>

The structure of this Statement is based on the CIPFA/SOLACE Framework.

3. The Governance Framework

3.1 Principle 1 – Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

The Council and its partners have, through the Powys Local Service Board (LSB), agreed to focus on collectively delivering ten citizen centred outcomes. These shared outcomes define the conditions of well-being that we aim to create for the people of Powys and the environment in which they live. Agreeing to these ten outcomes is the first step towards the development of the "One Powys" Plan, a single document that will bring together the county's key statutory plans that were previously published separately:

The Community Strategy

The Health, Social Care and Well-being Strategy

The Children and Young People's Plan

The Community Safety Strategy

The County Council's Change Plan sets out the Council's contribution towards delivering the shared outcomes. The Change Plan sets out the Council's vision which is:

"Efficient services for the green heart of Wales"

The One Powys Plan can be found at:

One.powys.gov.uk

Powys County Council's Change Plan can be found at:

www.powys.gov.uk/changeplan

Each year, the Council is required to produce an overview of its performance for the year just past. The Council's performance review for 2010/11 was published in October 2011 and is also available at:

www.powys.gov.uk/changeplan

The review of performance for 2011/12 will be available from October 2012.

The Wales Audit Office (WAO) has a duty to report to the public on the arrangements councils in Wales put in place to secure continuous improvement. The report is underpinned by two key pieces of work:

- A forward looking assessment of the Council's arrangements to secure continuous improvement;
- A backward looking assessment of whether the Council has achieved its planned improvements.

The WAO's Annual Improvement Report was received in January 2012. It contained three recommendations for improvement. These are in respect of:

- Capacity and capability to deliver improvement objectives;
- Implementation of an Adult Services operational improvement plan;
- Monitoring of Adult Services improvement.

There are also six proposals for improvement. These are summarised as:

- To be clearer on improvement objectives so they are meaningful to the public;
- Develop a more co-ordinated approach to public engagement;
- Securing a culture that encourages open and balanced self-assessment;
- Ensure performance data reflects the difference the Council is making in terms of outcomes for its citizens;
- Scrutinise new methods of collecting recyclable waste to ensure the actions have the desired impacts;
- Ensure that contracts are robustly monitored with appropriate quality assurance.

The Council has produced an Action Plan to address these recommendations and this was accepted by Audit Committee in April 2012.

3.2 Principle 2 – Members and officers working together to achieve a common purpose with clearly defined functions.

The Council's Constitution sets out the roles and responsibilities of Members and officers so that accountability for decisions made and actions taken are clear.

The Council operates a Leader and Cabinet model of governance. The Council is responsible for appointing the Leader. The Leader appoints

the remainder of the Cabinet. The Council retains responsibility for approving the Council's Change Plan and the annual budget.

The Cabinet has delegated responsibility for a number of functions, including:

- Strategic leadership and direction;
- Developing and proposing to Council the Powys Change Plan, the Medium Term Financial Plan and the Annual Budget;
- Consulting with relevant Scrutiny Committees in the development of policy;
- Delivering services in line with adopted policies and budgets.

The Constitution sets out clear terms of reference for all Committees of the Council. The Cabinet, Scrutiny and Audit Committees have work programmes for the civic year.

In 2011/12, the Council operated 4 Scrutiny Committees:

- Modernisation and Improvement;
- Learning and Leisure
- Children, Social Care and Health
- Environment and Crime and Disorder

Scrutiny Committees undertake reviews and inquiries, either within the Committee as a whole or by delegation to Working Groups. The findings of Scrutiny are presented to Cabinet for action.

The Audit Committee is independent of both the Cabinet and Scrutiny functions. It oversees the work of Internal Audit and receives the reports of the Wales Audit Office. It has responsibility for approving the Council's Accounts.

The Chief Executive is the Head of Paid Service. He leads the Council's officers and chairs the Management Team and Heads of Service Group.

All staff have clear conditions of employment and job descriptions which highlight their roles and responsibilities. This is supported by a range of Human Resources policies.

The Strategic Director – Law and Governance is designated as Monitoring Officer and carries overall responsibility for legal compliance.

The Strategic Director – Finance and Infrastructure is the Section 151 Officer appointed under the Local Government Act 1972. He is responsible for the proper administration of the financial affairs of the Authority.

The Strategic Director – Care and Well-being is the Statutory Director for Social Services.

The Strategic Director – Communities, skills and Learning is the Chief Education Officer and the Children’s Director.

3.3 Principle 3 – Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The Council places a high value on upholding the highest standards in public office for both Members and Officers.

For elected Members, the Council has adopted the Model Code of Conduct for County Councils in Wales. Conduct of Members is monitored by the Public Services Ombudsman and the Council’s Standards Committee. The Standards Committee also has a Community Sub-Committee which deals with all Town and Community Council matters. The Standards Committee and its Sub-Committee will consider allegations of misconduct by County Councillors and Town and Community Councillors referred to it by the Ombudsman. The Standards Committee membership is 4 County Councillors and 5 independent members. The Committee is chaired by an independent member.

For officers, the Council follows the statutory Code of Conduct (Qualifying Local Government Employees)(Wales) Order 2001. Conduct and behaviour is the responsibility of the individual officer and a breach may constitute a disciplinary matter.

The Council has an Anti-Fraud and Anti-Corruption Strategy and Whistle Blowing Policy which allows matters of concern to be raised and sets out how they will be investigated.

The Audit Committee is responsible for examining, approving and reviewing the adequacy of risk assessment, risk management and internal controls, including compliance.

The Council has a formal compliments and complaints procedure that enables complaints to be escalated and investigated independently of the service concerned.

The Council has nominated the Strategic Director – Care and Wellbeing as Senior Information Risk Owner (SIRO). Key responsibilities are the assurance of information security and investigating data breaches, including referrals to the Information Commissioner, if necessary.

3.4 Principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The Council's Constitution sets out how the Council operates and the process for policy and decision making. Within this framework, decisions are taken by Council, Cabinet, individual Cabinet Members and officers. Certain specific decisions are taken by the Planning Committee, Licensing Committee, Rights of Way Committee, Shire Committees, Pensions and Investment Committee and Employment Committee.

The Council's publication scheme commits Powys County Council to make information available to the public as part of its normal business activities. The scheme can be found at:

<http://www.powys.gov.uk/index.php?id=1935&L=0>

The Council presumes that reports will be publicly available unless certain, specific tests are met. There are seven categories of exempt information and these include:

- Information relating to a particular individual;
- Information relating to legal matters.

For information to be treated as exempt, an assessment of public interest has to be made, to ensure proper balance is achieved between the right to know, the right to personal privacy and the delivery of efficient government.

The Council webcast a wind farm debate in 2011/12. This is an area of considerable public interest in Powys and webcasting was used to enable the widest possible audience to hear the debate.

Decisions and their implementation can be scrutinised by the Scrutiny Committees and can be called in by full Council. The following are examples of areas which were scrutinised during 2011/12:

- Schools with budget deficits;
- Sickness absence

- Social care financial support and management
- Welshpool gyratory system

The Cabinet agreed a new Risk Management Strategy in November 2011. This sets out how the Council will identify risk and how it will be managed. The Council has identified that its risk management needs to be improved and risk is now forming part of corporate performance reporting in 2012/13.

3.5 Principle 5 – Developing the capacity and capability of members and officers to be effective

The Council aims to provide a wide range of opportunities for Members and Officers to be more effective.

All newly elected Members receive an induction programme. There is also specific training relating to whichever committees they are appointed. Powys County Council has been awarded the Wales Charter for Member Support and Development. Development of an accredited member training scheme and member support forms part of the Powys Change Plan.

Council received a number of seminars in 2011/12. These help to build background knowledge and help Members in fulfilling their scrutiny and audit roles. These seminars included:

- Treasury management
- Welsh Housing Quality Standard
- Adult protection
- Information handling

All new officers receive induction training, both corporately and within their specific service. A range of role based training is available across the Council, in particular to ensure staff operate in a safe manner to protect themselves, the public and their colleagues. The Council offers specific training based around staff reviews to provide the opportunity to develop existing skills or learn new skills.

The Council has an Employee Development Review system. The Council acknowledges that this scheme has not been operated consistently throughout the Council. As part of the WAO's comments in respect of capacity and capability, this system is now being reviewed and a new scheme will be implemented by May, 2013.

3.6 Principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability

The Council is always seeking better ways to engage with local people and other stakeholders.

The LSB undertook public consultation around the draft One Plan. The Third Sector and partnerships were heavily involved in its production.

For the 2011/12 budget, the Council undertook a public consultation exercise in 2010 to engage with a representative cross-section of the community. The outcomes of this consultation went on to influence the direction of both the Powys Change Plan and the 2011/12 Budget.

The Council undertake an annual public consultation exercise to monitor the public's view of key services and to identify key areas of improvement. The outcomes of this survey feed into the Council's Change Plan and individual service business plans. However, the Council acknowledges that links between this survey and its planning process need to be more transparent.

The Council has a Citizens' Panel of about 1,000 residents, which enables the Council to consult quickly and directly on a range of proposals.

The Council holds an annual meeting with business ratepayers to discuss the budget proposals.

During 2011/12, there was a wide range of consultations based around service specific policies. These included:

- Formal consultation on Gwernyfed area primary schools;
- Proposals for secondary and post-16 education;
- Play Strategy review;
- Information and Advice Strategy.

4. Review of Effectiveness

There is ongoing review of the effectiveness of the Council's Governance Arrangements. During 2011/12:

- The Constitution was reviewed in anticipation of the Local Government Wales Measure 2011 and to reflect the change to the Leader and Cabinet Executive Model of Governance;

- There were regular meetings of the Joint Chairs of Scrutiny and Audit Committees to co-ordinate work and to review how well Scrutiny and Audit were working. This informed the constitutional changes and are being implemented in 2012/13;
- The Audit Committee met regularly. The Committee agreed the Internal Audit Plan and reviewed all Internal Audit Reports where the audit opinion was of low assurance. This included meeting with Cabinet Members, officers and, on one occasion, representatives of a governing body and head teacher. The Audit Committee is now developing its role in the broader context of risk management to ensure the Council has adequate controls in place;
- The Internal Audit Service provides an independent and objective assurance service to the management of the Council. The service produces a plan which is agreed by Audit Committee and then monitored throughout the year. The plan is prepared on an evaluation of risk, based around a number of factors, including previous audit findings. Weaknesses in the control environment are reported to management for action and, where necessary, to the Audit Committee. The service also investigates a range of irregularities during any given year. The Internal Audit Manager produces an annual report on activity to the Audit Committee each year. The Internal Audit Manager expressed an opinion to the Audit Committee that, overall, the Council's internal control environment in 2011/12 was satisfactory, although he did draw attention to concerns over risk management arrangements and the embedding of business continuity planning across the Council;
- The Council is subject to review and scrutiny from a range of external organisations. These include the WAO, Estyn, CSIW, the Health and Safety Executive (HSE), Welsh Language Board and HMRC. In particular, the Wales Audit Office produces its Annual Improvement Report which is considered by Council, Cabinet and Management Team. WAO also audit the Council's final accounts and express an opinion on that document. WAO will also comment whether they can place assurance on the work of Internal Audit Service.

Whilst the Council has a number of powerful means to monitor the effectiveness of its Governance Arrangements, it recognises that this could be done in a more structured way which also makes stronger links with its Risk Management Strategy and Performance Management arrangements surrounding the Powys Change Plan.

5. Governance Issues Being Managed

- **Local Government Measure 2011** – the Council has agreed a revised Constitution for 2012/13 which reflects the requirements of the Measure. The Council aims to strengthen its Scrutiny and Audit Committee functions and this process is progressing. Progress will be reviewed by the Joint Chairs of these Committees throughout 2012/13;
- **Annual Improvement Report** – the council will address the improvement recommendations and proposals raised by the WAO in the 2012 report;
- **Organisational Development and Workforce Planning** – the Council is close to implementing a new pay and grading structure. The Council does not see this as an end in itself but an enabler towards a more flexible, customer focussed workforce. Cabinet is receiving advice on how the structures and behaviours of the Council need to change alongside the pay and grading changes;
- **Performance Management** – the Council is mindful of some of the failings highlighted in the reviews of Adult Services undertaken by the CSIW and WAO. Both CSIW and WAO have made recommendations for improvement and the Council has produced a Service Improvement Plan to address these recommendations. The Council has reviewed its performance reporting with the aim of Cabinet, Scrutiny, Audit and Management Team being able to focus on those matters which are of strategic importance to the Council. Ongoing efforts are being made to concentrate on indicators of outcomes and outputs;
- **Medium Term Financial Planning** – the Council has made strenuous efforts to link its improvement planning with its budget planning. Both reports are now presented to Council at the same time and links are much stronger than they were. Nevertheless, there is still much work to do to ensure that the improvement objectives are adequately resourced and that this is properly reflected in the Medium Term Financial Plan and Capital Programme;
- **School Deficits** – the Council is concerned to address the deficits that have arisen in some schools in recent years and to prevent any repetition of such deficits in future. The Council is revising the Powys Scheme for the Financing of Schools to ensure clear accountabilities and a robust escalation process from the point when deficits first become evident;

- **Risk Management** – following the adoption of the Risk Management Strategy, the Council will now seek to embed sound risk management as part of its planning and performance monitoring processes. Audit Committee will maintain an overview of the Council’s risk management arrangements;
- **Local Service Board and Partnership Rationalisation** – The Council is working with its partners to ensure that Partnerships are effective and add value to the citizen. A review of partnership arrangements has been undertaken for the LSB by the Chief Executive of Powys Teaching Local Health Board and the Council is currently arranging an internal secondment to implement the changes identified. The purpose of the change is to ensure appropriate partnership arrangements to support the delivery of the LSB Strategic Plan.

We will monitor progress on the above over the coming year and will monitor their implementation and effectiveness as part of our next annual review.

Signed on behalf of Powys County Council:

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Chief Executive

Leader of the Council

Date

Date