

<b>Report to</b>	Corporate Governance and Audit Committee
<b>Date of meeting</b>	Wednesday, January 27, 2021
<b>Lead Member / Officer</b>	Cllr Julian Thompson-Hill, Lead Member for Finance, Performance and Strategic Assets  Alan Smith, Head of Business Improvement and Modernisation
<b>Report author</b>	Iolo McGregor, Strategic Planning and Performance Team Leader
<b>Title</b>	Local Government and Elections (Wales) Bill – Performance and Governance

## **1. What is the report about?**

- 1.1. To brief councillors on the consultation on the draft statutory guidance for principal councils, which determines how they should exercise their performance and governance functions as set out in Part 6 of the Local Government and Elections (Wales) Bill.

## **2. What is the reason for making this report?**

- 2.1. To seek councillor input to the consultation and to make them aware of upcoming changes to the council's existing Performance Management Framework.

## **3. What are the Recommendations?**

- 3.1. That councillors read and understand the implications of the draft statutory guidance prepared by Welsh Government (attached to this report at appendix 1), and offer feedback to inform the council's response to the consultation, required by February 3, 2021.

## **4. Report details**

### **Local Government Reform – Performance and Governance**

- 4.1. The Local Government and Elections (Wales) Bill was passed by the Senedd on November 18, 2020. It is anticipated that the Bill will receive Royal Assent early in 2021. It is a substantial piece of legislation covering electoral reform, public participation, governance and performance, and regional working.
- 4.2. The ‘Coming into Force’ provisions of the Bill are complex, with some provisions coming into force within days of Royal Assent, others within two months, and the majority through Ministerial statutory instrument. The WLGA is working with the Welsh Government to develop a clear outline timetable implementation.
- 4.3. This report is concerned with the performance and governance duties set out in Part 6 of the Bill. It is anticipated that these will be commenced from April 2021, with the first report requirement being ‘as soon as reasonably practicable after the financial year to which it relates’, i.e. after March 2022. The final performance report (our Annual Performance Review) from the current 2009 Measure is still required to be published by October 31, 2021.
- 4.4. The Welsh Government have published a consultation on the draft statutory guidance online - <https://gov.wales/performance-and-governance-local-authorities-draft-guidance>. The document is also attached to this report at appendix 1. The consultation will run until February 3, 2021. The Strategic Planning and Performance Team is leading on the response.
- 4.5. Much like the existing Local Government (Wales) Measure 2009, the new Local Government and Elections Bill places a duty on principal councils to keep their performance under review. However, on reading the guidance, there are three clear areas of work that we will need to consider as an authority.

### **1. Self-Assessment**

- 4.6. A principal council must compile a self-assessment report for each financial year that outlines how it met its performance requirements; set out planned actions to improve its performance in the following year; include views of consulted stakeholder groups (see 4.9 below); and be made available to its Governance and Audit Committee as a

draft document to review and / or make recommendations for changes. If the council does not make the requested changes, the reasons must be set out in the report, and within 4 weeks of finalising the report the council must publish the report; make the report available to the Council's Governance and Audit Committee; and send the report to the Auditor General for Wales, Her Majesty's Chief Inspector of Education and Training in Wales, and Welsh Ministers.

- 4.7. The practicalities of implementing the Self-Assessment are currently being considered by the Strategic Planning & Performance Team, with proposals for implementation being taken to SLT in late February / early March. We will also seek input from key officers, Cabinet, Scrutiny and the Corporate Governance and Audit Committee on the content of the new assessment. The guidance currently suggests seven corporate areas for the structure of the self-assessment, which are derived from the Well-being of Future Generations (Wales) Act 2015 (see pages 19-20 of appendix 1).
- 4.8. One of the key questions currently posed by the draft guidance (page 15-16) concerns the self-assessment not being a fixed judgement: "To be truly effective, embedding self-assessment throughout an organisation should be an **ongoing process**, addressing issues as they are identified, **responding in real time** and effectively to challenges and opportunities." We do not disagree with this approach as it complements self-assessment best practice. However, it is difficult to do and may require a technical solution beyond what the council currently has in place. Our response to the consultation will raise this concern.

## **2. Annual Stakeholder Survey**

- 4.9. The new Bill and draft guidance places significant emphasis on the need to gather the views of a wide range of stakeholders on an annual basis on the performance / delivery of our functions, feeding that intelligence into our performance reporting and self-assessment. Crucially, in addition to local residents, we must consult with all councillors, all staff, partners (including the Public Service Board), businesses, community councils and all trade unions. We must include those who are at a socio-economic disadvantage and those from protected groups.
- 4.10. Currently the council conducts a number of surveys with different stakeholders at different times, the largest of which, our Residents' Survey, is only bi-annual currently

(as is our Staff Survey). Considerable work will be needed to understand the existing survey landscape across the council and rationalise into one or a suite of annual surveys. The output (or outputs) of these surveys will need to feed seamlessly into the new self-assessment process. Discussion of how to progress this area of work will be had with SLT. Any new survey(s) will be designed with input from services and members.

### **3. Panel Performance Assessment**

4.11. A principal council must appoint an independent panel to conduct a performance assessment at least once during each electoral cycle, consulting with local people, businesses, staff and trade unions. Its report must offer conclusions as to whether the council is meeting its performance requirements, and recommend actions to improve performance. The report and the council's response needs to be published and shared with the Governance and Audit Committee for comment.

4.12. Panel Assessments would start from May 2022. Agreement needs to be sought as to when within the next council term the panel assessment would take place.

### **Special Inspections**

4.13. It is worth noting that under the new Bill the Auditor General for Wales will have a new power to initiate a special inspection of principal councils that may not be meeting their performance requirements. The Bill also allows for the restructuring of Principal councils through regulations made by Welsh Government, subject to conditions. One of these conditions is Welsh Government's receipt of a special inspection report.

### **5. How does the decision contribute to the Corporate Priorities?**

5.1. This report seeks only to inform councillors as to the performance provisions of the new Local Government and Elections (Wales) Bill and to seek their input on the WG statutory guidance consultation. No decision is sought. The requirements of the Bill will, however, impact on corporate reporting processes.

### **6. What will it cost and how will it affect other services?**

6.1. There is no cost associated with this report.

## **7. What are the main conclusions of the Well-being Impact Assessment?**

7.1. A Well-being Impact Assessment is not needed at this time. As proposals develop in response to the Bill, impact assessments will need to be completed.

## **8. What consultations have been carried out with Scrutiny and others?**

8.1. Extensive consultation on the Bill has already taken place, which included workshops with elected members. This specific consultation on the statutory guidance around the performance aspects of the Bill has been shared with Cabinet Briefing for their input. Following Corporate Governance and Audit, a draft response will be drafted and shared with SLT. Chairs & Vice-Chairs of Scrutiny will also be consulted.

## **9. Chief Finance Officer Statement**

9.1. There are no significant financial implications arising from the report.

## **10. What risks are there and is there anything we can do to reduce them?**

10.1. In terms of performance there is a risk that staff and councillors do not sufficiently engage with the Local Government and Elections (Wales) Bill, impacting the quality of our response. The Strategic Planning Team will work to keep staff and councillors informed of the changes, and encourage their ownership where it's needed. For the council to not implement the Bill well will raise concerns in the eyes of our regulators.

## **11. Power to make the decision**

11.1. Performance management and monitoring is a key element of the Wales Programme for Improvement, which is underpinned by the statutory requirements of the Local Government Act 1999 and the Local Government "Wales" Measure 2009. The latter will be replaced by the Local Government and Elections (Wales) Bill once enacted.

11.2. Section 13 of the Council's Constitution outlines the responsibilities of the Corporate Governance and Audit Committee with respect of the authority's performance. The constitution will need updating following the enactment of the Local Government and Elections (Wales) Bill.