

# Public Document Pack



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Friday, 13 January 2017

## Notice of Reports Received following Publication of Agenda.

### Democratic Services Committee

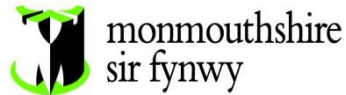
Monday, 23rd January, 2017 at 2.00 pm,  
Council Chamber - Council Chamber

Attached are reports that the committee will consider as part of the original agenda but were submitted to democratic services following publication of the agenda.

Item No	Item	Pages
10.	Wales Audit Office Governance Report	1 - 16

**Paul Matthews**  
Chief Executive

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**SUBJECT: Wales Audit Office Governance Report**

**MEETING: Democratic Services Committee**

**DATE: 23<sup>rd</sup> January 2017**

**DIVISION/WARDS AFFECTED: All**

## **1 PURPOSE**

- 1.1 To provide Democratic Services Committee with the Wales Audit Office review on Governance.

## **2. RECOMMENDATIONS**

- 2.1 That Audit Committee receive the Wales Audit Office review on Governance.
- 2.2 That Audit Committee consider the current position and future actions committed in response to the proposals.

## **3. KEY ISSUES**

- 3.1 This report has already been considered by Audit Committee who have overall responsibility for the performance management arrangements. However there are issues that will be of particular interest to the Democratic Services Committee and so it is pertinent to bring these issues before members
- 3.2 This review was completed by WAO as a follow-up to the Corporate Assessment that was published in November 2015.
- 3.3 The detailed findings of the review are contained in the report attached at appendix 1, which concludes *“The Council has made progress in improving its governance arrangements although more work is needed to strengthen the transparency of decision making and recording.”*
- 3.4 The issues of particular relevance to this committee highlighted in the report include:
- YouTube streaming of meetings increase the transparency of meetings.
  - Cabinet meetings are not minuted, this is compliant with in accordance with its Constitution and the Local Government Act 1972. However WAO considers a written record of proceedings to be good governance and practice.
  - poor use of the microphones the chamber results in parts of the records being inaudible

- The report stressed the importance of minutes being signed at the next suitable meeting in accordance with the Council's Constitution
- There are positive examples of scrutiny holding Cabinet to account. However the report also includes an example that suggests scrutiny is not always able to effectively fulfil its role
- The relationship between Cabinet and select committees is generally positive.
- Select committees follow an agreed work programme and 'call in' decisions made by Cabinet as appropriate.

3.5 The four new proposals for improvement made within the report are:

- Further improve the clarity of reports that members receive to ensure they have access to appropriate and timely information in a format that is easy to read and understand.
- Ensure that decisions are clearly and consistently recorded to provide a reliable, transparent and easily accessible decision-making trail.
- Strengthen scrutiny's impact, status and effectiveness including: formally recording Cabinet responses to scrutiny recommendations and observations and better co-ordination of Cabinet and select committee forward work programmes.
- Ensure that information on the Council's website is accurate, complete and up to date.

3.5 Audit Committee tracks progress with a proposals for improvement as part of its overview of improvement arrangements. The most recent report can be viewed [here](#).

#### **4. REASONS**

4.1 To ensure the effectiveness of the Council's governance arrangements.

#### **5. RESOURCE IMPLICATIONS:**

None

#### **6. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING)**

There are no implications from the report

#### **5. BACKGROUND PAPERS:**

None

#### **6. REPORT AUTHOR**

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## Governance – Corporate Assessment Follow- on Review

# Monmouthshire County Borough Council

**Audit year:** 2015-16

**Issued:** May 2016

**Document reference:** 300A2016

# Status of report

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This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [info.officer@audit.wales](mailto:info.officer@audit.wales).

The team who delivered the work comprised Dave Wilson, Emily Owen and Terry Lewis.

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# Summary report

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## Summary

1. Good governance in the public sector has been high on the agenda of public sector bodies themselves and the organisations that support and represent them for many years. The Nolan Committee in 1995 set out its principles of public life and more recently CIPFA<sup>1</sup> and SOLACE<sup>2</sup> built on these principles in drafting the guidance for local authorities: **Delivering good governance in local government**.
2. The importance of public scrutiny is magnified as public services respond to the challenges of the current global financial pressures whilst continuously seeking to improve services. Effective scrutiny helps improve the quality and rigour of decisions and the allocation of resources, ensuring that decisions are transparent and sustainable. Scrutiny also has an important role to play in contributing to developing policy, undertaking specific reviews and in monitoring performance.
3. Monmouthshire County Council (the Council) considered the findings of the June 2013 Wales Audit Office national report **Good scrutiny? Good question!** at its September 2013 Audit Committee. At the same meeting, it considered the **Monmouthshire Scrutiny Service Plan 2013/16**. The plan identified key successes around its approach to scrutiny, and the following weaknesses that it sought to address within the action plan:
  - timeliness of task and finish groups;
  - systematic engagement with the public on scrutiny items;
  - effectiveness of the Council's website in raising the profile of scrutiny functions, information sharing, and promotion of training for members; and
  - development of the scrutiny handbook.
4. In March 2015, the Wales Audit Office carried out a Corporate Assessment at the Council. In respect of governance and accountability, our review considered whether the Council's governance and accountability arrangements supported robust and effective decision making.
5. Our Corporate Assessment concluded that a culture of mutual respect and trust existed between councillors and officers, leading to productive working relationships, although there were examples of decision making that could have been more robust, informed and subject to effective challenge. We came to this conclusion because:
  - the Council had well-defined roles and responsibilities, was developing a culture of accountability, and was engaging with staff to better embed its expected values and behaviours;
  - well-managed risk taking and the quality of decision making were sometimes hindered by a lack of strategic direction, poor data quality, and limitations in legal monitoring;

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<sup>1</sup> CIPFA is the Chartered Institute of Public Finance and Accountancy.

<sup>2</sup> SOLACE is the Society of Local Authority Chief Executives and Senior Managers.



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- the Council had improved the transparency of its public reporting of Council business, but some weaknesses remained; and
  - the Council was taking steps to improve scrutiny but progress was sometimes hampered by poor quality of information and inconsistently robust challenge.
6. In our Annual Improvement Report 2014-15, where we summarised the findings from the Corporate Assessment, we made the following proposal for improvement:  
'Strengthen the governance and challenge arrangements by:
- ensuring that minutes of meetings are signed at the next suitable meeting in accordance with the Council's Constitution, to improve timeliness and transparency of public reporting; and
  - reconsider the Council's policy of not formally minuting Cabinet meetings.'
7. In February 2016, we reviewed the Council's progress to improve its governance arrangements by seeking to answer the following question: 'Is the Council effectively addressing issues raised in the 2015 Corporate Assessment and its own Scrutiny Action Plan to improve governance?'
8. We concluded that the Council has made progress in improving its governance arrangements although more work is needed to strengthen the transparency of decision making and recording.

## Proposals for improvement: ongoing and new

9. We set out below the proposal for improvement that remains relevant because of the findings from our latest review, as well as further proposals for improvement to address weaknesses in the Council's governance arrangements identified during this review.

## Relevant Corporate Assessment proposal for improvement that remains

### Corporate Assessment P7

Strengthen the governance and challenge arrangements by:

- Ensuring that minutes of meetings are signed at the next suitable meeting in accordance with the Council's Constitution to improve timeliness and transparency of public reporting.

**(Ongoing: improved but remains to be fully addressed.)**

- Reconsider the Council's policy of not formally minuting Cabinet meetings.

**(No progress: remains as needing to be further reconsidered.)**

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## New proposals for improvement

- P1 Further improve the clarity of reports that members receive to ensure they have access to appropriate and timely information in a format that is easy to read and understand.
- P2 Ensure that decisions are clearly and consistently recorded to provide a reliable, transparent and easily accessible decision-making trail.
- P3 Strengthen scrutiny's impact, status and effectiveness including:
- formally recording Cabinet responses to scrutiny recommendations and observations; and
  - better co-ordination of Cabinet and select committee forward work programmes.
- P4 Ensure that information on the Council's website is accurate, complete and up to date.

# Detailed report

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The Council has made progress in improving its governance arrangements although more work is needed to strengthen the transparency of decision making and recording

The Council reports on its progress in dealing with external recommendations although it does not always challenge whether the actions it is taking are sufficiently focused and measurable

10. The Council routinely considers reports from auditors and other external review bodies on the way it provides and manages services. Local reports are presented to the appropriate Council meeting, normally a select committee, the Audit Committee and/or Cabinet. This process seeks to ensure that members are aware of the views of auditors and other external review bodies and that they have the opportunity to consider how the Council plans to respond.
11. National-level reports also contain information that can help councils improve their management and delivery of services. Managers review the content of national reports, to assess the extent to which they are relevant to Monmouthshire, and in most cases these national reports are reported to members. These reports provide members with an opportunity to learn from the experiences of other organisations and consider how Monmouthshire compares.
12. The Council maintains a record of all recommendations and proposals for improvement where actions remain outstanding. The Audit Committee received these reports in December 2015, September 2014, February 2014 and March 2013. This process enables members to periodically monitor implementation of recommendations and proposals for improvement, and challenge progress in addressing areas for improvement but does not provide for systematic overview that maintains momentum of regular challenge and verification.
13. Members receive reports from external auditors and other external review bodies, and they receive a progress report showing how implementation of recommendations and proposals for improvement are progressing. Members have the opportunity to challenge officers about the robustness of action plans in response to reports.

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## The Council has taken action to ensure prompt sign-off of committee minutes, but could further improve transparency and ease of access to records

The Council promotes transparency of decision making but in practice records are not always accurate and complete

14. The Council promotes transparency in decision making. All Council meetings are livestreamed on YouTube, which allows easy access for the public to observe the decision-making process. The chairs of each meeting invite those in attendance to introduce themselves and remind those present that the meeting is livestreamed.
15. The Council has partly implemented the specialist IT application, mod.gov<sup>3</sup>, to automate processes and enable the prompt and more efficient recording and sign-off of minutes, and thereby increase capacity within the Democratic Services Team. At the time of our review, mod.gov had not been fully implemented; therefore the full benefits of the application were yet to be realised.
16. The Council website includes Council meeting minutes, agendas and a record of who attended each meeting. Attendees are recorded as 'present', those who offer apologies for not attending are recorded as 'apologies' and those expected to attend but who do not, are recorded as 'expected'. From this information, we have concluded that Cabinet members attend select committee meetings when invited.
17. Although the Council has put in place measures to improve transparency in decision making, in practice these arrangements are not fully effective. The online attendance record is not reliable. The YouTube video of the Cabinet meeting held on 3 February 2016 showed several officers contributing to the meeting but the attendance record indicated that no officers attended. On 3 December 2015, the YouTube video shows Wales Audit Office representatives taking part in the Audit Committee meeting but they are not included on the attendance record. These examples show that the Council does not maintain its record of attendance accurately. In most cases, the inclusion of the minutes at the following meeting should prompt members to correct the attendance record, although in the cases described above, the website has not been corrected. Also in the absence of Cabinet minutes, such errors are unlikely to be identified and corrected.
18. The Council website shows that individual Cabinet member decision meetings took place in January and February 2016 with all Cabinet members expected, but none attended. In practice, no such meetings took place, therefore the website is misleading.

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<sup>3</sup> mod.gov is an app for automatically downloading, viewing and annotating meeting papers of local authorities and other organisations.

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- 19.** In our Corporate Assessment in 2015, we reported that although the Council policy of not minuting Cabinet meetings was technically in accordance with its Constitution and the Local Government Act 1972, we considered that the taking and approval of minutes was a matter of good governance and practice, particularly where the Cabinet has considered a number of options before taking a decision. In the Corporate Assessment report, we therefore proposed that the Council reconsider its policy of not formally minuting Cabinet meetings. The Council has considered this recommendation and decided to continue not to change its current arrangements, which rely on livestreaming of meetings via YouTube to provide a video record of the Cabinet meetings, followed by the publication of decision notices to show what decisions members have made.
  - 20.** However, we found that the YouTube recordings do not always provide a full record of meetings. For example, at the Audit Committee meeting on 3 December 2015 and Children and Young People Select Committee meetings on 14 January 2016 and 11 February 2016, we found occasions where parts of some meetings had failed to be recorded/uploaded and poor use of the microphones resulted in parts of the recording being inaudible. As a result, records of meetings cannot be relied upon to be an accurate, full and complete record of proceedings. This is more of a concern for Cabinet meetings for which the Council does not take minutes and relies heavily on the livestreaming to provide the public with a record of proceedings.
  - 21.** Although the Council's use of YouTube enables it to livestream most of its council meetings, the uploaded webcast recordings are not user-friendly. Trying to find a specific aspect/item of a Council meeting from within the overall recording is difficult. Users can adjust the timer-bar on the screen but this requires the user to guess where an item might be located in the overall recording, which is time-consuming and inefficient. Some other Welsh councils provide a facility to start the recording at a specific agenda item or speaker, which is much more user-friendly.
  - 22.** The Council intends decision notices to provide a record of specific decisions and the date they will come into effect, subject to call-in by an appropriate select committee. The content of the decision notices are a direct copy of sections of the original reports. As such, references to appendices and specific paragraph numbers are out of context in decision notices. Furthermore, the language in decision notices does not indicate that the decision has been taken. They are worded as recommendations.
  - 23.** The Council website described decision notices as 'draft printed minutes' although they are neither minutes nor draft. Our testing also identified some errors in the decision notices that, 10 weeks after the meeting, remained uncorrected. For example, in Decision Notice 5 on 6 January 2016 the decision notice records the author inaccurately, and in Decision Notice 7 the 'financial implications' section is recorded inaccurately.
  - 24.** As such, decision notices and YouTube recordings together do not currently provide a complete and accurate alternative to minutes of Cabinet meetings. The Council has therefore not adequately addressed the concerns raised in our Corporate Assessment regarding its policy of not taking minutes of Cabinet meetings.

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The Council's governance and democratic processes relating to the work and reporting of select committees and their relationship with Cabinet would benefit from further strengthening to improve the impact and status of scrutiny

25. The relationship between Cabinet and select committees is generally positive. Select committees follow an agreed work programme and 'call in' decisions made by Cabinet as appropriate; officers and Cabinet members then attend select committee meetings to respond to scrutiny questioning. Opposition leaders attend Cabinet meetings to ask questions of the Cabinet as invited.
26. Select committee chairs sum up key points after debating each agenda item and record their conclusions in select committee minutes. Select committee chairs write to Cabinet members with the outcome of select committee deliberations to raise concerns and recommend Cabinet action. Cabinet, in January 2016, received a report summarising the comments and recommendations from select committees for the period September 2015 to December 2015, which provided a useful summary.
27. Although Cabinet received the summary report of select committee deliberations at its January 2016 meeting, this report did not show how Cabinet members either collectively or individually had responded to select committee recommendations and members did not discuss the detail of this report at the January meeting. In addition, although select committee chairs write to Cabinet members, there is no record of Cabinet members' responses to these letters either published on the website or recorded in select committee minutes.
28. Although we found positive examples of scrutiny holding Cabinet to account, an example that suggests scrutiny is not always able to effectively fulfil its role of holding Cabinet to account was at the Children and Young People Select Committee meeting on 11 February 2016. At this meeting, members expressed concerns over the proposed budget reduction affecting Mounton House Special School. The Children and Young People Select Committee was advised during the meeting that Cabinet had already approved the budget reduction. Members of the select committee were clearly confused about what exactly they were scrutinising in relation to Mounton House Special School, how to effectively convey their concerns to Cabinet and whether this was in fact pre-decision scrutiny. The Children and Young People Select Committee 'called in' the decision at the following meeting, but this does demonstrate that the relationship between Cabinet and select committees is not always clear and the forward planning process did not provide clear focus for the select committee on this occasion.
29. The Council website includes information about the scrutiny function, select committees and their role in holding Cabinet to account and general information, such as access to the Scrutiny Handbook and the Scrutiny and Executive Protocol. The Council plans to add further information about scrutiny to its website.

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The Council is taking action to improve the quality of information to members but reporting is not always sufficiently clear and relevant to support robust decision making or challenge

30. The **Monmouthshire Scrutiny Service Plan 2015/16** recognises the need to improve the quality of reports to provide members with clear information on which to base decisions. The Council has taken action to address this need. The standard report template seeks to ensure that reports include information on key themes. The Council has introduced a 'filtering' process to ensure that the content of reports is of a suitable quality. Directorate management teams and the Senior Leadership Team verify reports to ensure that they are fit for purpose.
31. As well as these procedural improvements, the Council held a report writing session for officers of the Children and Young People's directorate because of concerns identified by Estyn and the Children and Young People Select Committee.
32. Reports are mostly circulated with the meeting agenda a week before the scheduled meeting. Items that are not finalised by the time the agenda papers are issued, are circulated separately but these are very few.
33. Officers attend committee, Cabinet and council meetings routinely to respond to technical questions, and Cabinet members attend select committees when invited to clarify policy matters. This attendance supplements the information provided in reports.
34. In relation to the revenue budget, members received extensive information over several months showing how draft budget mandates (savings proposals) evolved into the final versions that supported the Medium Term Financial Plan. This provided much opportunity for members to gain a good understanding of the budget proposals.
35. However, although members were generally positive about the information they receive, the 600-page budget report presented to Cabinet in January 2016 included a schedule of fees and charges that was presented in a small font. Although members could have increased the font size, some members still raised concerns about not being able to read the detail. Cabinet took the decision despite these concerns.
36. Reports do not always set out clearly the likely impact of the decisions. Some of the Council's budget mandates are light on detail. For example, members approved the saving against the schools budget, but the reports did not provide clear information showing how schools would manage the reduced funding. The section in each budget mandate relating to how the savings proposals would impact on those with protected characteristics is often poorly completed; the budget mandate sections give the reader little information on the number of people affected, and do not quantify any potential impact on users.



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## The Council is improving its scrutiny function and intends to further improve the support to scrutiny to enable better outcomes

37. The Council has made some progress in responding to our proposal for improvement following our Corporate Assessment 2015, that it should 'ensure that minutes of meetings are signed at the next suitable meeting in accordance with the Council's Constitution, to improve timeliness and transparency of public reporting'. Minutes of meetings are now generally presented to the next available meeting of each committee in accordance with the Council's Constitution. However, minutes of the Special Budget Joint Select Committee and the Special Joint Children and Young People's and Adults Select Committee meetings on 16 December 2015 were not presented until the February meeting of the Children and Young People Select Committee. This select committee did meet in January when the minutes could have been presented.
38. The Council sets out how it intends to improve the quality of scrutiny in its Scrutiny Service Plan 2015/16, which it updates quarterly and was last reported to Audit Committee in January 2016. The Scrutiny Service Plan 2015/16 sets out progress against scrutiny improvement objectives, risks and areas for continued focus. It also includes a balanced scorecard for performance data, but much of the data is missing in this section of the plan, which makes it difficult for members to measure improvement.
39. The Scrutiny Service Plan 2015/16 highlights that the Council has provided a range of training to officers and members to improve the effectiveness of scrutiny but the plan acknowledges that further training is required to make scrutiny more effective.
40. Task and finish groups no longer operate in Monmouthshire because they rarely produced reports within a reasonable timescale. Instead, the Council holds 'special select committee' meetings to scrutinise subjects that the former task and finish groups would have examined. Members described these as being much speedier and more inclusive because they involved all the select committee members.
41. The Council recognises in its Scrutiny Service Plan 2015/16, the need to engage members of the public better. Attendance by members of the public at select committee meetings in Monmouthshire, as it is in most councils, is difficult to achieve. Ways that the Council has sought to make scrutiny easily accessible include a public viewing area in the Council chamber for people who wish to attend in person, all meetings are webcast and meetings are well signposted on the Council website.
42. The Council has enjoyed success at engaging local residents in the consultation over the 2016-17 budget savings proposals. It held a variety of engagement opportunities including public meetings, targeted engagement in leisure centres, visits to town centres, and use of social media such as Facebook and Twitter. These approaches provided challenge to the Council over budget savings proposals. The Council aims to review the effectiveness of the different approaches when planning the budget consultation process next year. This review could also provide the Council with an opportunity to consider whether learning from the budget consultation is transferrable to achieve better engagement across its scrutiny arrangements.



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- 43.** The Partnership Continuation Agreement<sup>4</sup> introduced a new improvement objective in 2015: 'maintaining locally accessible services'. The Council did not consult over the revised Improvement Plan 2015-17, but can show that the new improvement objective incorporated in the Improvement Plan 2015-17 originated from feedback in earlier budget consultations.
- 44.** Although the Council has been proactive in seeking views from local people as part of its budget setting, its plans to inform them about how the Council has taken their views into account when setting the 2016-17 budget are underdeveloped. The leaflet that will be included in the council tax bills provides only limited information on Council spending. The public can access detailed reports on the Council website. As a result, those who invested time by contributing to the budget consultation process are unlikely to understand how their input has influenced decision making and affected the allocation of Council resources for 2016-17.

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<sup>4</sup> The Council's Conservative and Liberal Democrat groups produced the Partnership Continuation Agreement setting the agreed political direction of the Council for the period up to May 2017 when the next local authority elections take place.

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