Leading good governance and assurance

LGA Webinar, 3rd December 2024, 10am – 4.30pm

Dr Stephanie Snape

Cllr Nazia Rehman (Wigan Council)

Heather Wills, LGA

Virtual workshop protocols

- Paper and pen to hand for taking notes
- Please close other applications if you are struggling with connection (e.g. outlook, mail, social media etc.)
- There is no recording
- **Confidentiality**
- **Cameras on please wherever possible**
- Mute when not speaking please
- Chat function for some discussions and questions
- A copy of the PowerPoint slides will be uploaded on the LGA website after the session

Our Programme

Timings	Content
10.00am	Welcome, introductions & why is governance and assurance important?
10.40	What is Governance & Assurance?
11.00	Governance and Assurance: The How part 1
11.30	Comfort break
11.45	Case Study of Governance & Assurance part 1
12.45	Governance and Assurance: The How part 2
1.00pm	Lunch
2.00	Councillor Leadership of Governance & Assurance
2.40	Case Study of Governance & Assurance part 2
3.30	Comfort break
3.45	Practical Tools and Tips
4.25	Final thoughts, reflection and evaluation
4.30	Close

A Quick Round Robin…

What do you want to get out of today?

Brief introduction:

- name, authority, role
- What want to get out of today?

WHY IS GOOD GOVERNANCE AND ASSURANCE IMPORTANT?

Poll 1

How high a priority would your fellow councillors say good governance and assurance has in your authority?

Choose one:
- Very high priority
- High priority
- Medium level priority
- Low level priority
- Not a priority

Importance of good governance & assurance

- It has ***always*** been important – accountability, openness, inclusiveness, value for money are key to democratic institutions

- Contemporary changes in local government have increased the significance of work in this area:
  - Acute financial pressures
  - Advances in partnership working and collaboration
    - Partnerships with the private sector, other public agencies & the third & community sectors
    - Shared services
    - Shared chief executives and management teams

- Number of examples of where governance has failed

Importance of good governance & assurance… the longer version…

Why is good governance and assurance important to leading councillors?

- To encourage challenge and different views within the council
- To mitigate against possible service or governance failures
- To ensure a healthy local democracy
- To avoid negative local or national press
- To be assured that finances are sound and well managed
- To demonstrate that the council is delivering its vision and corporate priorities
- To avoid poor inspection results
- To avoid external controls and commissioners being sent in to the council
- To ensure clear accountability systems and processes
- To deliver good governance and assurance over complex partnership arrangements or arms lengths ventures
- To provide an account to the public and users of services

WHAT IS GOVERNANCE AND ASSURANCE?

- What do we mean by 'governance'?

- What is 'assurance'?

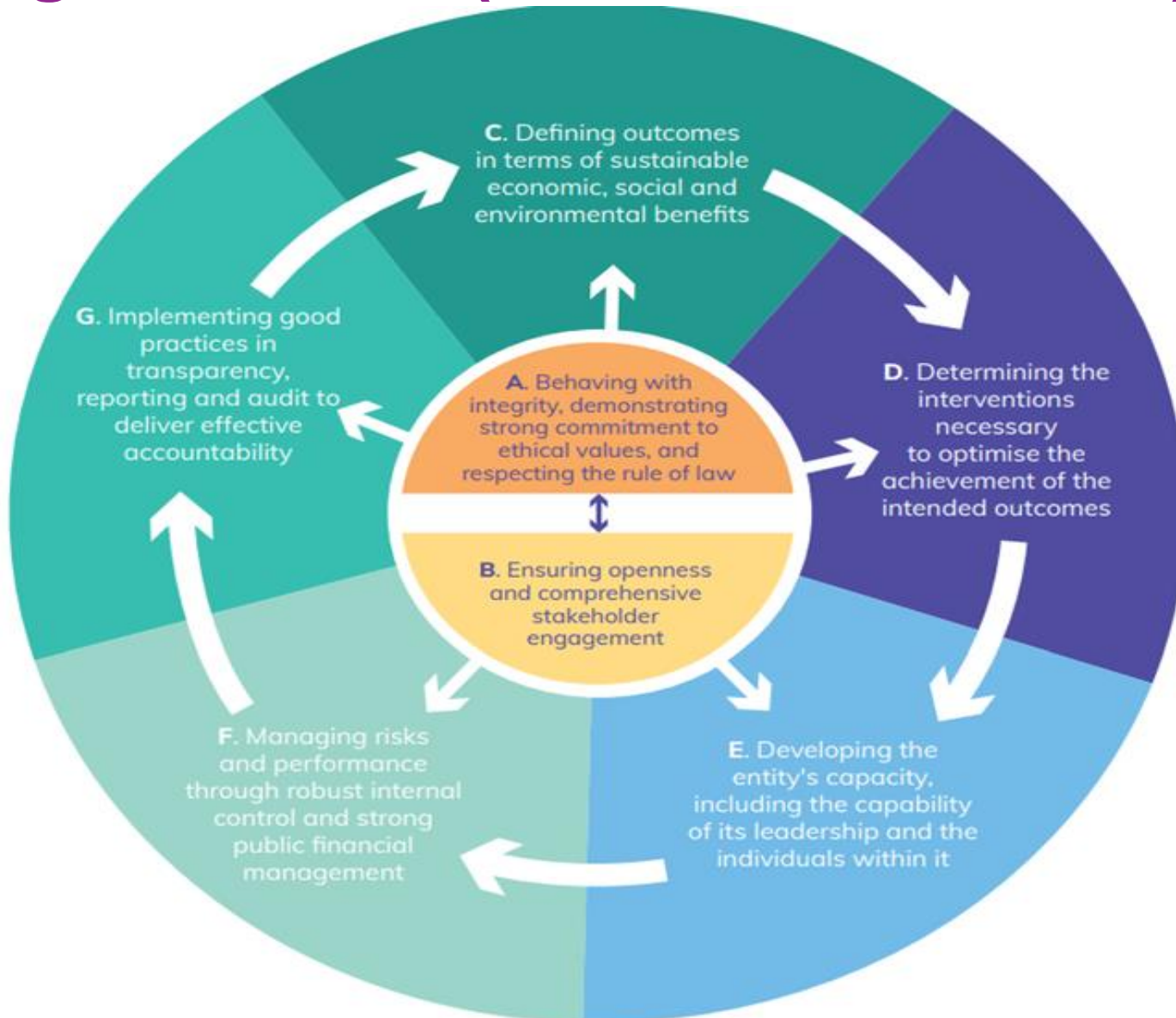Have a go and please put your answers in the chat.

Governance….

'Comprises the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved'.

CIPFA/Solace Delivering Good Governance in Local Government: Framework, 2016

The Nolan Principles: 7 Principles of Public Life

Selflessness	**To act solely in terms of public interest**
Integrity	**To declare & resolve conflicts of interest. To not act or take decisions to gain financial or other benefits. To not be influenced by obligations to people or organisations**
Objectivity	**To act & take decisions impartially, fairly and on merit, using the best evidence & without discrimination or bias**
Accountability	**To be accountable to the public for their decisions & actions and to submit themselves to necessary scrutiny**
Openness	**To act and take decisions in an open & transparent manner**
Honesty	**To be truthful**
Leadership	**To exhibit the above principles in their own behaviour. To actively promote and robustly support the principles and be willing to challenge poor behaviour**

Delivering good governance in local government (CIPFA/Solace, 2016)

C. Defining outcomes in terms of sustainable economic, social and environmental benefits

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

B. Ensuring openness and comprehensive stakeholder engagement

F. Managing risks and performance through robust internal control and strong public financial management

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Assurance…

'Information, evidence and evaluation of how local authorities are delivering their duties, functions and outcomes, which can be used to hold them to account and may give confidence. There should be no assumption that assurance will always be gained – in some cases the outcome will be "not assured"'

LGA, 2024

Poll 2

In your council how aware and knowledgeable are councillors about governance and assurance?

Choose one option:

- There is an excellent understanding of governance and assurance
- There is a good level of understanding of governance and assurance
- There is a low level of understanding of governance and assurance
- Very few councillors have an understanding of governance and assurance
- There is no understanding of governance and assurance

GOVERNANCE AND ASSURANCE: THE HOW

Governance & Assurance: Councillor side

Key bodies/committees

- Full council
- Executive or Policy and Resources Committee
- Overview and Scrutiny committees
- Audit committee
- Standards committee
- Committee with delegated responsibility for governance

Each of these bodies/committees has their specific role in governance and assurance

Who are 'those charged with governance'?

Good practice examples

Essex County Council has a multi-layered, council-wide approach to governance and assurance

- Councillor governance infrastructure is provided by: Corporate Governance Steering Board, Audit Governance and Standards Committee, Constitution Working Group and Finance Oversight Board

- There is a focus on the quality of report-writing, transparency and trust between members and officers, sustained by a culture of continual learning and development

Case study

Governance & Assurance: Key organisational components

- **'Golden triangle'** - Head of paid service, monitoring officer and s.151 officer
- Corporate management team and individual directors
- Head of Internal Audit
- Head of democratic services

Key processes:

- management of risk
- financial management
- information management
- performance management
- production of key strategies and plans

The Statutory Roles of the Golden Triangle
Each member of the golden triangle has statutory responsibilities relating to ensuring the council acts lawfully. What does this mean for the relationship between members and those officers?

3 Lines Model of Assurance

First line	Actions by managers and staff responsible for identifying and managing risk as part of day to day activities. Includes: • Actions by operational directors • Corporate project and programme management
Second line	The way the council oversees the effectiveness of its controls for example, the responsibilities of: • Strategic management team • Corporate statutory officers • Audit committee
Third line	Independent assurance, i.e. internal audit. Accountable to full council
Governing body	Full council
External assurance providers	Examples: • External audit • Regulators, inspectors

Risks & Assurance

…as risks increase so should assurance systems…

'Areas where there is greater risk and where control failure could have a significant impact should be identified by the authority as in need of greater assurance. These include IT security, financial management and strategic areas that underpin operations. Other examples include safety and safeguarding. Areas such as these typically have a low risk appetite but a high assurance appetite'

Developing an Effective Assurance Framework in a Local Authority, CIPFA, 2023

LGA principles of assurance and accountability

1. Clarity – who is accountable for what?
2. Proportionality
3. A whole-council approach
4. A culture of assurance and accountability
5. Monitoring against standards / benchmarks / local targets
6. Credible, quality data and information
7. Transparency, accessibility and intelligibility of information

How do the governance and assurance systems in your council measure up against these principles?

What does 'good' look like? (LGA guidance 2024)

1. Visible, collective ownership and leadership of good governance by both political and managerial leaders
2. Being a learning organisation: self-awareness, open to challenge
3. Assurance as a constant management process, not a one-off event
4. Assurance supports the achievement of priority outcomes
5. Making it easy for the public to hold the council to account

Take a break

GOVERNANCE AND ASSURANCE: CASE STUDY

Case Study of Governance & Assurance

- Working in a small breakout group you will analyse and discuss the case study – identifying:

  - ***Do you have any concerns about governance and assurance in this authority? In which areas? Why?***

- Identify one member of your group to report back the main points of your discussion

- 40 mins in the breakout groups

ANNUAL GOVERNANCE STATEMENT

Annual governance statements

- ✓ Assess fitness for purpose of governance framework and effectiveness of controls
- ✓ Include areas for improvement
- ✓ Reviewed by Audit Committee
- ✓ Signed off by Leader and Chief Executive

Poll 3

How aware are you of the Annual Governance Statement?

Choose one:

- I was not aware of the Annual Governance Statement
- I am aware the Council has to produce a statement but I know little about it
- I am aware of the Statement and understand broadly the processes involved and purpose of it
- I am aware of the Statement and have been actively involved

Haringey Council uses its Annual Governance Statement as a tool for improvement…

It is used to provide an honest and open account of assurance, identifying areas for improvement and actions needed.

The Audit Committee requires updates on the action plan from the Statement throughout the year.

[Case study](#)

Assessing the effectiveness of the council's governance and assurance systems

- Does your council review the effectiveness of its governance and controls each year, using the CIPFA/ Solace framework?
- Do members in your council have a sense of what the council is doing well against this framework and where there is room for improvement?

We would welcome answers in the chat please.

Good practice examples

Warwickshire County Council systematically reviews the effectiveness of its governance and assurance systems and processes

The Council undertakes a 'governance stocktake' to identify areas that need a deeper dive or improvement

Case study

Governance and assurance of companies

- Updated *Local authority company review guidance* published in 2023 by Local Partnerships
- A toolkit for undertaking strategic and governance reviews of wholly or partly owned council commercial entities
- Emphasises good processes needed to:
  - Assess whether a company approach is the best option
  - How to effectively plan and approve the establishment of a company
  - Setting up effective governance arrangements for the companies themselves
 - Ensuring councils have effective governance arrangement for council oversight of companies

'This guidance can be used as a tool to help councils ensure that they strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that it is accountable for its actions'
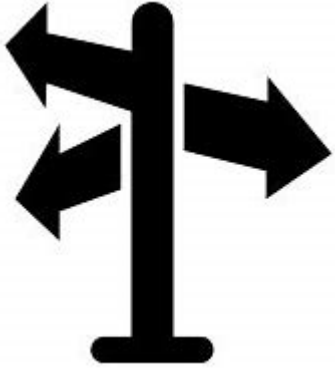
A few other things…

- Financial governance is a subset of governance
- A key part of governance and assurance is emphasis on aims and objectives, vision and direction, purpose and fitness for purpose – roles undertaken by political leadership
- Decision-making must be informed by advice and evidence based
- Governance is a 'whole systems' concept and practice
- 'Culture eats strategy'…
- Investing in good governance and assurance is a preventative strategy – mitigating risk of problems arising

Lunch time
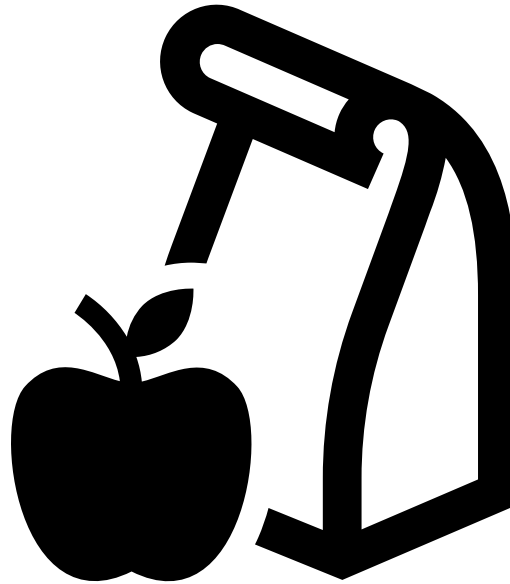
COUNCILLOR LEADERSHIP OF GOVERNANCE & ASSURANCE

Political and managerial leadership of governance and assurance

Political leadership

Shared leadership

Managerial leadership
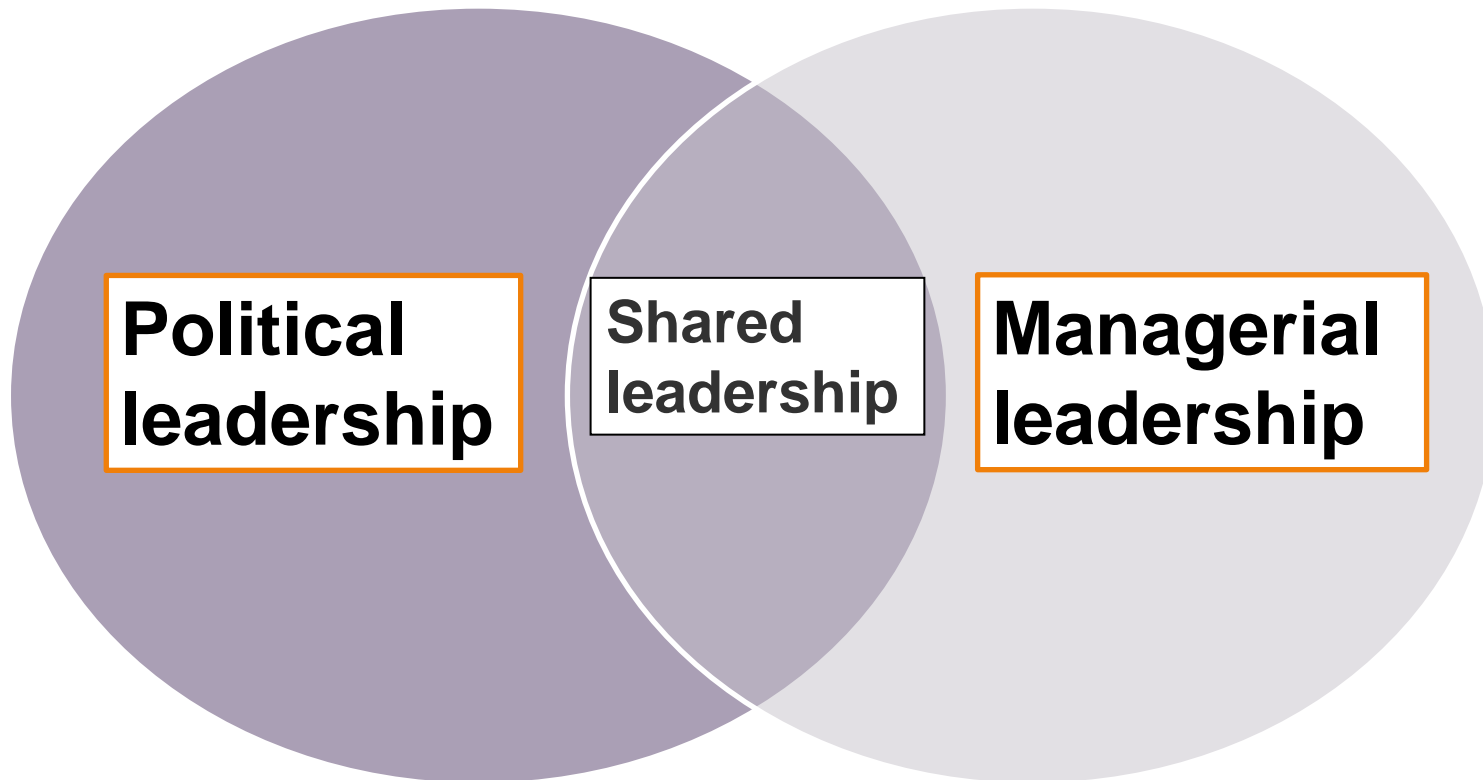
What does leadership by councillors in governance and assurance involve?

Who 'owns' member leadership of governance and assurance?

Who is responsible?

Good governance is everybody's business

Political leadership of governance and assurance

- Role modelling, 'signalling' the importance of good governance and assurance in everyday actions, behaviour and relationships

- Ensuring good level of general knowledge across members of their roles in governance and assurance and its importance (ensuring take-up of member induction and training)

- Encouraging and actively supporting a culture where constructive challenge is welcomed

- Key bodies well supported and working effectively e.g. Overview and Scrutiny, Audit committee, governance committee, with strong and effective chairs

- Key processes have good level of member oversight e.g. annual review of effectiveness of governance

- Appropriately seeking assurance that the officer side is robust and working well

(Potential) indicators of poor governance

- Ineffective overview and scrutiny function
- Ineffective audit committee
- Ineffective chairs for the above committees
- Churn in senior officer posts e.g. s.151, monitoring officer, succession of 'interim' directors
- 'Unexpected' poor inspection / audit results
- Poor or no member training during and/or after induction
- Lack of understanding and knowledge amongst members of governance and assurance

- An absence of a clear, robust performance management framework and processes
- Absence of clear and appropriate governance and assurance systems for partnerships / council owned companies
- A culture where challenge and questioning is discouraged
- A culture where governance and assurance is viewed largely as an officer task
- A culture where non-compliance is accepted
- Inward-focused, with a lack of self-awareness/ external challenge

Political leadership roles relating to governance & assurance

Consider your **political leadership role**: what are your responsibilities regarding governance & assurance?

Please use the chat.

Leadership Roles 1: Council Leader / Elected Mayor

1.	Lead by example	How do you foster a climate which encourages accountability and promotes high standards of member and officer behaviour?
2.	Be publicly accountable	Are there opportunities for members of the public to ask questions at council meetings?
3.	Be self-aware	Do you use the council's annual governance statement as an opportunity for honest reflection?
4.	Leading a learning organisation	Are the council's whistleblowing channels effective?
5.	Know & manage your Risks	Do you know what are the biggest risks your communities face? And the biggest risks to the council?

Leader's guide: Leading good governance and assurance

Leadership Roles 2

Overview & Scrutiny

- Holds the executive / committee chairs to account
- Contributes to policy development
- Reviews policy implementation
- Scrutinises the work of external partners, arms length bodies
- Reviews performance data
- Undertakes budget scrutiny

Audit

- Monitors the effectiveness of the authority's internal controls, risk management and financial reporting
- Holds internal & external audit to account
- Approves the internal audit plan and oversees its implementation
- Reviews internal and external audit reports and opinions
- Holds management to account in relation to the opinions of internal and external audit

Leadership Roles 3

Opposition

- Uphold high standards of member behaviour

- Holding ruling group/s to account

- Develop alternative policies & options

- Ensure the needs of the areas they represent are reflected in council policies & services

- Pursue assurance on sound finances, good performance management & robust risk management

- Supporting good governance & assurance

Councillor Concerns

Speak to the monitoring officer if you have governance or assurance concerns

North West Leicestershire District Council

- Cross-party working group leads annual review of the constitution
- Scrutiny has an important role in performance management – encouragement of early involvement of scrutiny
- Audit and Governance Committee undertakes 'bitesize' training in advance of each meeting

Case study

Wiltshire Council

- Council lays emphasis on ensuring good governance and assurance of council owned companies

Case study

YOUR Good Practice Examples…

Please tell us about examples of good practice from your council – use the chat.

CASE STUDY PART TWO

Case Study of Governance & Assurance: Part 2

- The council leader has had to resign due to ill health. A new council leader has been selected by the ruling party. The new leader has concerns about the robustness of governance and assurance in a number of areas and determines to make changes.

  - *What changes would you make? Why? Which would you prioritise?*

- Identify one member of your group to report back the main points of your discussion

- 30 mins in the breakout groups

Take a break

TOOLS & PRACTICAL TIPS

Simplified Political Management System – Majority control council

DMTs
Directorate management teams

SMT
Senior Management Team

Full council

Outside bodies/ Partners
e.g. Combined authority, NHS, housing, police

Cabinet Member briefings

Cabinet
Including Resources PH

Planning

Licensing

Informal cabinet

Audit & Governance

Overview & Scrutiny

Party Groups

1. *How well does each part of the system undertake its role in governance & assurance?*
2. *How does it connect up as a system?*

Analysing the System

1. Where does governance sit in your political management arrangements? Where are the checks and balances?

2. What works well? What could be improved?

3. How do 'decisions' flow through the system? Who is involved? What is the balance between member & officer involvement?

4. Where does constructive challenge come from?

5. What future changes might impact on the governance system?

6. **How can you improve governance & assurance across the system?**

Challenging questions for assurance

- Do our controls, checks and balances give us sufficient assurance, taking into account our risks?

- Is the 'assurance mix' right? Is there too much reliance on first-line 'management' assurance with little independent assurance from internal audit?

- Are the authority's accountability arrangements, including the annual governance statement, backed up by evidence?

- Do leading councillors, the audit committee, senior officers understand their role and responsibilities regarding assurance?

Developing an Effective Assurance Framework in a Local Authority, CIPFA, 2023

Changing culture

- 'Signalling' & role modelling are key – leading by example
- Challenging inappropriate behaviour and practices
- Training, mentoring, coaching, induction
- Codes of practice as 'living' documents
- Actions informed by clear, shared values
- A learning organisation
- Organisational development approaches

Whose role is it to challenge inappropriate behaviour?

Robust decisions

'*making choices among alternative courses of action – which may also include inaction*'

✓ Evidence based

✓ Clear aims, outcomes

✓ Informed by written, professional advice (legal, financial…)

✓ Informed by consultation/ engagement

✓ Consideration of meaningful options and risk

✓ Disregarding irrelevancies

✓ Proportionate, reasonable

✓ A presumption in favour of openness

✓ Highest standards of ethical conduct

Does your constitution include decision making principles?

7 steps to effective decision making

1 identify & define the decision

2 gather relevant information

3 identify alternatives

4 explore & evaluate the options

5 select your best solution

6 take action

7 review your decision

7 steps to effective decision making

1 identify & define the decision

- Is a decision really required?
- Define the decision carefully
- What needs is the decision designed to meet?
- Understand the context fully
- What would a good outcome be?

2 gather relevant information

Ensure that the decision is informed by:
- accurate, timely, relevant information
- information from both internal & external sources
- views from different perspectives & stakeholders

7 steps to effective decision making

3 identify alternatives

Consider:
- all possible & desirable alternatives
- creative options
- ideas from external individuals and organisations

4 explore & evaluate the options

Review evaluations of
- feasibility & risks associated with each alternative
- pros and cons of each alternative
- financial viability

Which solutions are most likely to match your objectives?

Prioritise your list of alternatives

7 steps to effective decision making

5 select your best solution

- One solution may be obvious, in which case move to 6
- If more than one is strong, consider a decision matrix or paired comparison analysis
- Once a preferred solution is selected, take a 'sense check' – have you avoided 'groupthink' or 'bias'?
- Use an external perspective to undertake a 'sense check'

6 take action

- Ensure robust delivery plans
- Communicate your decision widely

7 review your decision

- Evaluate if your decision achieved the intended outcome/s
- If the circumstances change, consider if the decision needs to be revisited

Governance & Assurance: Powerful Questions for Councillors

What are we trying to achieve?	What would success look like?	Who is accountable for what?	What are we doing to manage the risk?
Are the underlying assumptions sound?	Have we learnt from past success and failure?	How are we involving the public & other stakeholders?	Do we have sufficient evidence of assurance?
Are our decision-making processes open and transparent?	How do we compare to other councils?	How important/serious are the issues?	Is there challenge in the system?
Do we have enough information to make a decision?	What might some of the alternatives be?	Has it been implemented to plan?	Are the milestones being achieved?

Source: Dr Stephanie Snape, 2024

Robust data is key…

Performance data:

- Budget and budget monitoring information
- Council performance information, RAG ratings
- Compare across years
- Monitor data within year

How do we compare with others?

- LG Inform – a free value for money benchmarking tool from the LGA
- CIPFA benchmarking

Are your sources of data & evidence providing the information you need to make good decisions and to gain assurance?

LG Inform (1)

Customise this report

Modify report

Change area:

Wigan ⌄

Change comparison group:

CIPFA near neighbours by local … ⌄

Apply

COMPARISON GROUP TYPE

ADASS regions from 2018/19

ADASS regions

All local and fire authorities by country

Local authorities by country

Local authorities by region

Organisations in UK

Local authorities by type and country

Single tier and county councils from 2018/19 by country

Looked after children

Small numbers of looked after children with ~~~~ ~~~~ provide residential care only for those with high care r~~~~
council's effectiveness of care management ~~~~ ked after children can occur when high-profile abuse

Where possible, historical data is adjusted ~~~~ ccurate comparison of over time in real terms.

You can view a metric in detail by clicking ~~~~

LG Inform (2)

Percentage of major development planning applications with Planning Performance Agreements, Extension of Time or Environmental Impact Assessments decided in time - Quarterly (from 2022/23 Q2 to 2024/25 Q1) for Wigan
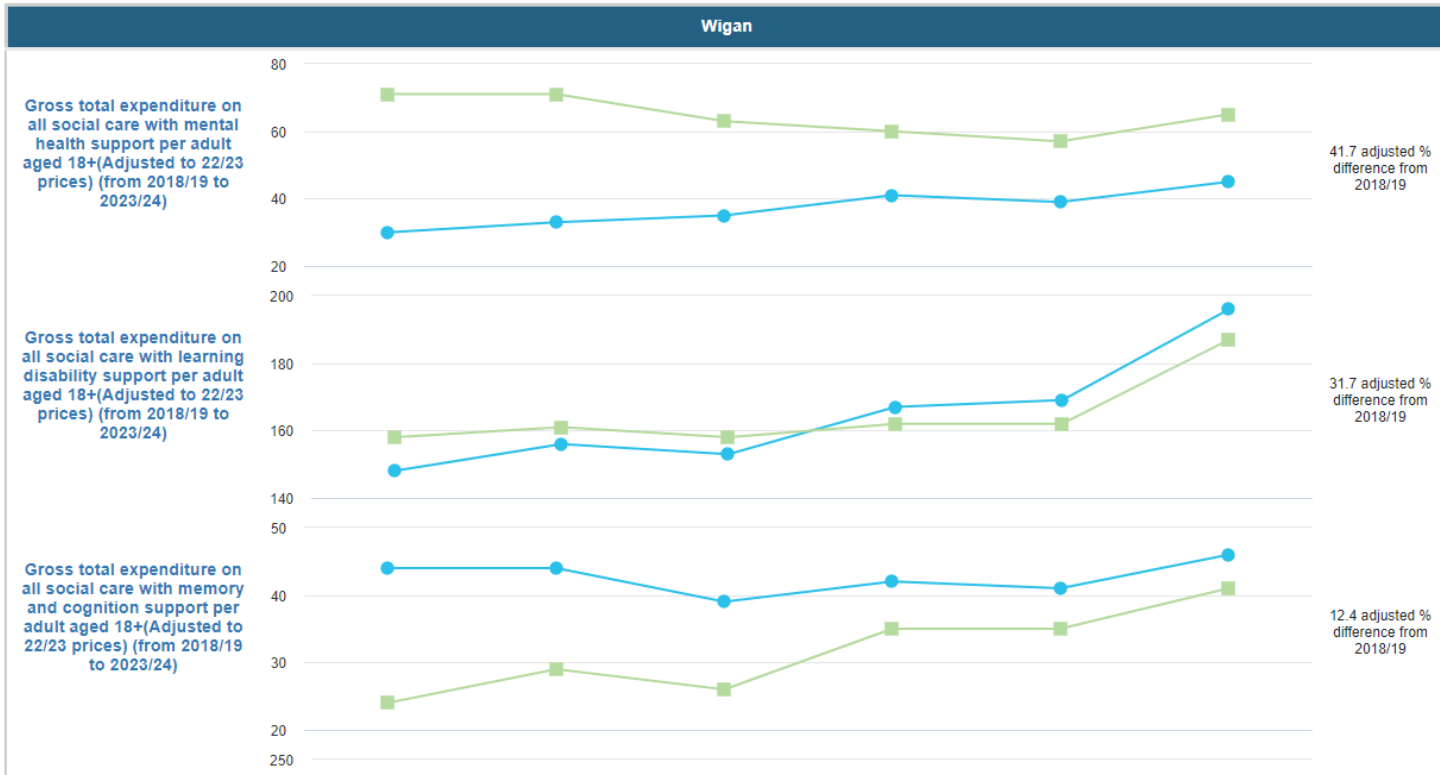
		% of major planning applications (PAs only) decided in time - Quarterly		
		%		
Period ↓↑	Wigan ↓↑	Minimum for Wigan CIPFA nearest neighbours ↓↑	Mean for Wigan CIPFA nearest neighbours ↓↑	Maximum for Wigan CIPFA nearest neighbours ↓↑
2022/23 Q2	100	67	93	100
2022/23 Q3	100	67	95	100
2022/23 Q4	100	82	97	100
2023/24 Q1	100	80	95	100
2023/24 Q2	100	0	84	100
2023/24 Q3	100	77	97	100
2023/24 Q4	93	67	93	100
2024/25 Q1	100	80	97	100

Adult social care

Demographic change and financial constraints may create significant pressures for adult social care services. By using the reports menu you can see more information about spending on, and performance for, one of the five client groups (mental health, learning disability, memory and cognition support, physical support and sensory support). From 2014/15 onwards data for adult social care is collected in a new data return, Adult Social Care Finance Return (ASC-FR). Comparable data is not available for earlier years.

Where possible, historical data is adjusted for inflation using GDP deflator factors to allow a more accurate comparison of over time in real terms.

You can view a metric in detail by clicking on the metric name.

- Mean for Wigan CIPFA nearest neighbours
- Wigan

Wigan

Gross total expenditure on all social care with mental health support per adult aged 18+(Adjusted to 22/23 prices) (from 2018/19 to 2023/24)

41.7 adjusted % difference from 2018/19

Gross total expenditure on all social care with learning disability support per adult aged 18+(Adjusted to 22/23 prices) (from 2018/19 to 2023/24)

31.7 adjusted % difference from 2018/19

Gross total expenditure on all social care with memory and cognition support per adult aged 18+(Adjusted to 22/23 prices) (from 2018/19 to 2023/24)

12.4 adjusted % difference from 2018/19

LGA Support 1

- Leadership development programmes –
  - [Leadership Academy](#)
  - [Leadership Essentials](#)
    - Financial Governance
    - Finance
    - Audit Committees
    - Risk Leadership for Councillors
    - Finance for Non Finance Cabinet Members
    - Being an Effective Cabinet Member
    - Leadership for Scrutiny
  - [Workbooks](#) and [e-learning](#)
    - [Chairing skills](#)
    - [Effective councillor-officer relations](#)

LGA Support 2

- Support through political group offices and regional teams (member peers and officers) – including mentoring for Leaders/ Chairs/ Portfolio Holders

- Training and guidance by the Centre for Governance and Scrutiny

- Councillor hub provides resources, training, and support to help you navigate your responsibilities

- Peer reviews and follow-up support

Sources of Further Information

- [Improvement and assurance framework for local government](#) (LGA, 2024)

- [Councillor's guide: Improvement and assurance framework for local government](#) (LGA, 2024)

- [Delivering good governance in local government: framework](#) (CIPFA/ SOLACE 2016)

- [Local Authority Company Review Guidance](#) (Local Partnerships, 2023)

- [Local Authority Governance](#) (National Audit Office, 2019)

LGA Support: Your Views

1. What support would you welcome from the LGA in this area?

2. What should the LGA prioritise?

3. Are there any future needs you would anticipate?

We would welcome your ideas and comments. Please use the chat.

FINAL THOUGHTS & REFLECTION

Final thoughts

- Good governance is everyone's business
- Governance and assurance require compliance with processes **and** the right behaviours
- Culture and behaviours are led from the top (political and managerial leadership)
- Investment in robust governance and assurance structures and processes will mitigate the risk of operating in challenging times

Reflection: Your Council

- What are the strengths of your current governance systems and processes?

- What works well in the ways the council seeks assurance that things are working as they should?

- What are the potential areas of weakness?

- What actions could you take?

Take 3 minutes to reflect on your own Council's approach.

Personal Reflection

1. What have been my key learning points from the webinar?

2. What actions will I take on the basis of the webinar?

Please then complete the survey - the link is in the chat. Thank you.

Contact details

Heather Wills

Principal Adviser (Finance and Governance)

LGA

heather.wills@local.gov.uk