# **Carmarthenshire County Council**

# Code of Corporate Governance



# Code of Corporate Governance

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# 1. Introduction

This Code sets out Carmarthenshire County Council's approach to achieving and maintaining good corporate governance. This Code recognises policies and processes that are consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework 'Delivering Good Governance in Local Government' (Guidance Notes for Welsh Authorities 2016 Edition – Published September 2016). This framework identified 7 key principles of good governance which complement the Well-being of Future Generations Act requirements.

Carmarthenshire County Council (the Council) is by nature, a complex organisation which affects the lives of all citizens in the area: As well as providing a diverse range of services, it also works with partner organisations who provide other public services. The Council's aims and priorities reflect these responsibilities.

The Council sees Corporate Governance as "doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner." It comprises the systems and processes, and also the culture and values, by which the Council is directed and controlled and how it accounts to and engages with its citizens.

Strong, transparent and responsive governance enables the Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens' confidence, these mechanisms must be sound and be seen to be sound.



The Governance Framework comprises the systems and processes, and cultures and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and 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. Governance Principles

The Council operates through a governance framework that brings together its legislative responsibilities and management processes with CIPFA / Solace core governance principles.

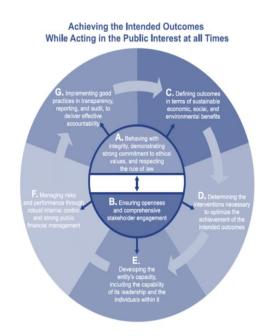
The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

- 1. Integrity and Values Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- 2. Openness and engagement Ensuring openness and comprehensive stakeholder engagement.
- **3.** Making a difference Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- **4.** Making sure we achieve what we set out to do Determining the interventions necessary to optimise the achievement of the intended outcomes.
- 5. Valuing our people; engaging, leading and supporting Developing capacity and the capability of leadership and individuals.
- 6. Managing risks, performance and finance Managing risks and performance through robust internal control and strong public financial management.
- **7. Good transparency and accountability** Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Note The abbreviations in bold above are the Council's.

Sitting behind these principles are 91 behaviours which guide our work.

The Council has created a Well-being Objective on Better governance and use of resources (Well-Being Objective 13) with an action plan for delivery which embeds the above 7 principles thus demonstrating that the Council commits itself to each of these principles.





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# 3. Legislation

# Well-being of Future Generations Act (Wales) 2015

The general purpose of the Act is to ensure that the governance arrangements of public bodies focuses on improving the well-being of Wales, and takes the needs of future generations into account. The law states that: -

1. We must carry out sustainable development, improving the economic, social,

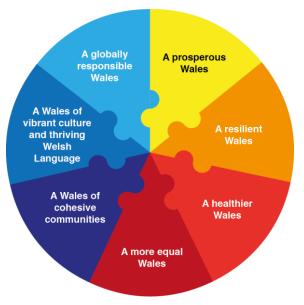
environmental and cultural well-being of Wales. The sustainable development principle is:

'... the public body must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.'

2. We <u>must</u> demonstrate use of the 5 ways of working:

Long term, integrated, involving, collaborative and preventative

 We <u>must</u> work towards achieving all of the 7 national well-being goals in the Act. Together they provide a shared vision for public bodies to work towards.



For the first time in Wales, the Well-being of Future Generations Act, provides a shared vision for all public bodies in Wales to work towards.

As a public body subject to the Act we are required to set and publish Well-being Objectives that maximise our Contribution to the Well-being Goals.



How our Well-being Objectives maximise our Contribution to the Well-being Goals.

			The 7 National Well-being Goals						
	No.	<b>13 Well-being Objectives</b> <b>for 2021-22</b> These frame our Corporate Strategy	Prosperity	Resilience	Healthier	More Equal	Cohesive Communities	Welsh Language and Culture	Global Responsibility
ell	1	Help to give every child the best start in life and improve their early life experiences	~		~	~	¥		
Start Well	2	Help children live healthy lifestyles (Childhood Obesity)	~		~	~	¥	~	
Sta	3	Support and improve progress, achievement, and outcomes for all learners	<b>v</b>	~	~	*		×	~
	4	Tackle poverty by doing all we can to prevent it, helping people into work and improving the lives of those living in poverty	~		~	~	<b>v</b>		
Vell	5	Create more jobs and growth throughout the county	~		~	~	¥	~	
Live Well	6	Increase the availability of rented and affordable homes	~	~	~	>	¥	~	~
	7	Help people live healthy lives (Tackling risky behaviour and Adult obesity)	~		<b>~</b>	~	~	×	
	8	Support community cohesion, resilience, and safety			~	~	×		
Age Well	9	Support older people to age well and maintain dignity and independence in their later years	~		~	~	~	*	
d safe nt	10	Look after the environment now and for the future	~	~	~				
ln a healthy and safe environment	11	Improve the highway and transport infrastructure and connectivity	<b>~</b>	~	~	~	¥		
In a he env	12	Promoting Welsh Language and Culture	~	>		¥	¥	~	
Corporate Governance	13	Better governance and use of resources	~	~	~	~	~	~	~

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# The Future Generations Act and Corporate Governance

The statutory guidance on the Well-being of Future Generations Act identifies a core set of activities common to the corporate governance of public bodies where change needs to happen to apply the act. These are:

- 1. Corporate Planning
- 2. Financial Planning
- 3. Workforce planning (people)
- 4. Procurement
- 5. Assets
- 6. Risk management
- 7. Performance Management

Considering the seven corporate areas as a framework for the self-assessment, and applying the five ways of working to those areas, will support the council to ensure it is governing itself to maximise its contribution to the well-being goals and meet its well-being objectives ① Shared Purpose Shared Future 1 (Page 14)

	The Five Ways of Working						
1	Looking at the long term so that we do not compromise the ability of future						
	generations to meet their own needs						
2	Understanding the root causes of the issues to <b>prevent</b> them reoccurring						
3	Taking an <b>integrated</b> approach so that we look at all well- being goals and						
	objectives of other services and partners						
4	Collaboration - Working with others in a collaborative way to find shared						
	sustainable solutions						
5	Involvement a diversity of population in decisions that affect them						

# The Local Government and Elections (Wales) Act

The Local Government and Elections (Wales) Act provides for the establishment of a new and reformed legislative framework for local government elections, democracy, governance and performance. The Act will replace the current improvement duty for principal councils set out in the Local Government (Wales) Measure 2009. We will report on 2021-22 under the terms of the new Act.

# ① Link to the Act

① Statutory guidance on Performance and Governance



# Socio-economic duty

From 31<sup>st</sup> March 2021, this duty will require councils, when taking strategic decisions such as 'deciding priorities and setting objectives', to consider how their decisions might help to reduce the inequalities associated with socio-economic disadvantage. This requirement will be embedded in the Council's integrated impact assessment process.

# 4. Monitoring, Review and Changes

The Council's commitment to good corporate governance includes the application, development and maintenance of this Code. The Leader and Chief Executive are responsible for the regular review of the governance systems and processes that are in place to ensure that they are applied and are effective and meet the aspirations and deliver the requirements of the Code of Governance. The results of this review are contained in an Annual Governance Statement which is reported to the Audit Committee and then published with the Annual Statement of Accounts.

The Corporate Governance Group comprising key officers will co-ordinate manage and report on the governance arrangements of the Authority. Where the reviews of the governance arrangements reveal possible gaps or weaknesses, action will be agreed that will ensure improved governance. Agreed action plans emanating from the reviews will be monitored for implementation.

The Group comprises:

- Executive Board Member Resources
- Executive Board Member Business Manager
- Audit Committee Chair (Observer)
- Director of Corporate Services (s.151 Officer)
- Head of Administration & Law (Monitoring Officer)
- Head of Financial Services
- Head of ICT & Corporate Policy
- Assistant Chief Executive (People Management)
- Head of Revenues & Financial Compliance
- People Services Manager
- Corporate Services Manager
- Nominated substitutes allowable

Independent sources of assurance concerning the Code's suitability and effectiveness include Internal Audit, External Audit, the work of the Council's Standards Committee and the Scrutiny Function.

Any changes that are required to this Code resulting from its review or from changes in legislation or recommended best practice will be submitted to the Audit Committee for approval.



# 5 How we address the 7 Fundamental Principles

# 5.1 Integrity and Values

We will ensure that organisational values, and particularly the corporate values of equality and sustainability, are put into practice and are effective by:

- developing and maintaining shared values, both for the organisation and staff and which reflect public expectations, and by communicating these with members, staff, the community and partners
- using our shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority
- agreeing values for partnerships against which decision making and actions can be judged, and which are demonstrated by partners' behaviour both individually and collectively

We will use our legal powers to the full benefit of the citizens and communities in our area by:



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- actively recognising the limits of lawful activity due to, for example, the ultra vires doctrine, but also striving to utilise our statutory powers to the full benefit of our communities
- recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on authorities by public law
- observing all specific legislative requirements placed upon the authority, as well as the requirements of general law, and in particular, by integrating the key principles of good administrative law rationality, legality and natural justice into our procedures and decision making processes

We will make best use of human resources by taking an active and planned approach to meet responsibility of staff by:

• developing and maintaining a clear policy on how staff and their representatives are consulted and involved in decision making

# 5.2 Openness and Engagement

We will focus on the diverse needs of citizens and service users and exercise strategic leadership by developing and clearly communicating our purpose, vision and intended outcomes by:

- developing and promoting our purpose and vision, reviewing them on a regular basis, and considering the implications for the way the authority is run
  - ensuring that our partnerships are underpinned by a common understanding and purpose which is shared by all partners
  - communicating our activities, achievements, financial position and performance
  - promoting equality of opportunity, combating discrimination and harassment and promoting good community relations

We will ensure that users receive a high quality of service whether directly, in partnership, or by commissioning, by:

• deciding how the quality of service for users is to be measured and making sure that we have the information needed to review quality effectively and regularly by having in place effective arrangements to identify and deal with failures in service delivery

We will be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny by:

• ensuring that effective, transparent and accessible arrangements are in place for dealing with complaints

We will encourage new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal by:





• having in place effective arrangements in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority

We will exercise leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships by:

- making clear throughout all the authority and to all staff and the community to whom the authority is accountable and for what
- considering those institutional stakeholders to whom the authority is accountable and assessing the effectiveness of the relationships and any changes required
- producing an annual report on the activity of the scrutiny function

We will take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning by:

- ensuring that clear channels of communication are in place with all sections of the community and other stakeholders, and by having in place monitoring arrangements to ensure that they operate effectively
- ensuring that arrangements are in place to enable the authority to engage with all sections of the community effectively, that these recognise that different sections of the community have different priorities, and by establishing explicit processes for dealing with these competing demands
- establishing a clear policy on the types of issues we will meaningfully consult on or engage with the public and service users about, including a feedback mechanism to demonstrate what has changed as a result
- ensuring that the authority as a whole is open and accessible to the community, service users and our staff, and that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so

We will meet our duty to consult on performance (Part 6 of the Local Government and Elections (Wales) Act) which notes that a council must consult a range of people at least once in each financial year about the extent to which the council is meeting the performance requirements. The statutory consultees are local people, local businesses, staff of the council and Trade Unions

In reaching the conclusions of its self-assessment, the council must also take into account the views of the following about the extent to which the council met the performance requirements in the financial year to which the self-assessment report relates:

- local people;
- other persons carrying on a business in the council's area;
- the staff of the council; and every trade union which is recognised

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The key priority should be to ensure that the council involves the views of the above in reaching its conclusions of the extent to which it is meeting the performance requirements.

# 5.3 Making a difference

We will ensure that relationships between the authority, its partners and the public are clear so that each knows what to expect of the other by:

- developing our vision, strategic plans, priorities and targets through robust mechanisms, which include consultation with the local community and other key stakeholders, and by articulating and disseminating them clearly
- having in place governance arrangements for partnerships which:
  - clarify the roles of members both individually and collectively in relation to the partnership and to the authority,
  - o clearly set out the legal status of the partnership,
  - make clear the extent to which representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions

We will ensure that members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance by:

- requiring the authority's leadership to set a tone for the organisation by creating a climate of openness, support and respect
  - defining and communicating through codes of conduct and protocols the standards of conduct and personal behaviour expected of our members and staff, of work between members and staff and between the authority, its partners and the community.
  - having in place arrangements which prevent our members and employees being influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders, and appropriate processes to ensure that the arrangements continue to operate in practice

We will ensure that organisational values, and particularly the corporate values of equality and sustainability, are put into practice and are effective by:

- designing systems and processes in conformity with appropriate ethical standards, and by monitoring their continuing effectiveness in practice
- maintaining an effective standards committee

We will be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny by:

• having in place an effective audit committee whose role is independent of the executive and scrutiny functions



# 5.4 Making sure we achieve what we set out to do

We will have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants / needs by :

 ensuring that those making decisions, whether for the authority or partnerships, are provided with information that is fit for the purpose – relevant, timely and giving clear explanations of technical issues and their implications

We will develop the capability of people with governance responsibilities and evaluate their performance, as individuals and as a group by:

- developing skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed
- ensuring that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and by agreeing an action plan which might, for example, aim to address any training or development needs

# Duty to keep performance under review

The Local Government and Elections Act requires a council to keep under review the extent to which it is fulfilling the 'performance requirements' that is, the extent to which it is:

- exercising its functions effectively.
- using its resources economically, efficiently and effectively; and
- has effective governance in place for securing the above

The self-assessment will include the sources outlined within the Act's statutory guidance.

The council is required to make and publish a self-assessment report once in respect of every financial year, it is for the council to determine when exactly to do this to best align with its own corporate arrangements.

# 5.5 Valuing our people; engaging, leading and supporting

We will ensure that there is effective leadership throughout the authority and specify clearly the roles and responsibilities of the executive and non-executive functions and also the scrutiny function by:

• setting out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually, and the authority's approach towards putting this into practice and setting out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers



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We will ensure that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard by:

- having in place a scheme of delegation and reserve powers within the constitution, which includes a formal schedule of those matters specifically reserved for collective decision of the authority and which takes account of relevant legislation, and by ensuring that it is monitored and updated when required
  - the Chief Executive being responsible and accountable to the authority for all aspects of operational management
  - having protocols in place which ensure that the Leader and Chief Executive agree their respective roles early in the relationship and which maintain a shared understanding of the roles
  - a senior officer being responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control
  - a senior officer being responsible to the authority for ensuring compliance with agreed procedures and all applicable statutes

We will ensure that relationships between the authority, its partners and the public are clear so that each knows what to expect of the other by:

- having in place protocols to ensure effective communication between members and officers in their respective roles
- setting out the terms and conditions for remunerating members and officers and an effective structure for managing the process

We will be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny by:

• having in place arrangements to safeguard members and employees against conflicts of interest and effective processes to ensure that they continue to operate in practice

We will ensure that effective risk management is in place by:

• maintaining effective arrangements for whistle-blowing which are easily accessible to officers, staff and all those contracting with or appointed by the authority.

We will ensure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles by:

- providing induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis
- the statutory officers having the skills, resources and support necessary to perform effectively and by disseminating a clear understanding of their roles throughout the authority

We will develop the capability of people with governance responsibilities and evaluate their performance, as individuals and as a group by:

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• assessing the skills required by members and officers and committing the authority to develop these skills to enable roles to be carried out effectively

We will encourage new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal by:

• ensuring that career structures are in place for members and officers to encourage participation and development

### 5.6 Managing risks, performance and finance

We will ensure that best use is made of resources and that taxpayers and service users receive excellent value for money by:

- deciding how value for money is to be measured and making sure that we have the information needed to review value for money and performance effectively
- measuring the environmental impact of policies, plans and decisions
- working constructively with partner organisations to deliver improved services

We will ensure that relationships between the authority, its partners and the public are clear so that each knows what to expect of the other by:

• having in place effective mechanisms to monitor service delivery

The statutory duties placed on the Council through the Local Government and Elections Act are as follows:

#### Duty to keep performance under review

The Act requires a council to keep under review the extent to which it is fulfilling the 'performance requirements' that is, the extent to which it is:

- exercising its functions effectively.
- using its resources economically, efficiently and effectively; and
- has effective governance in place for securing the above.

#### Duty to consult on performance

A council must consult a range of people at least once in each financial year about the extent to which the council is meeting the performance requirements. The statutory consultees are local people, local businesses, staff of the council and Trade Unions.

#### Duty to report on performance

A council must produce a self-assessment report in respect of each financial year including actions improvement. This must go to the Governance and Audit Committee.

#### Duty to arrange a panel assessment of performance and respond to it.

A council must arrange for a panel to undertake an assessment. This will apply after the May 2022 Local Government Election.

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We will have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants / needs by:

• ensuring that proper professional advice is available on matters that have legal or financial implications and recorded well in advance of decision

We will ensure that effective risk management is in place by:

• embedding risk management into the culture of the authority, where members and managers at all levels recognising that risk management is part of their jobs

We will take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning by:

- monitoring performance regularly
- publishing an annual report giving information on the authority's vision, strategy, plans and financial statements as well as information about outcomes, achievements and the satisfaction of service users in the previous period

# 5.7 Good transparency and accountability

We will be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny by:

- maintaining an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall
- having in place open and effective mechanisms for documenting evidence for decisions and by recording the criteria, rationale and considerations on which decisions are based

We will take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning by:

- holding meetings in public unless there are good reasons for confidentiality
- ensuring that the authority as a whole is open and accessible to the community, service users and our staff, and that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.



The table below summarises what we will do to meet the 7 fundamental principles:

	7 Fundamental Principles						
We will:	Integrity & Values	Openness & engagement	Making a difference	Making sure we achieve what we set out to do	Valuing our people; engaging, leading & supporting	Managing risks, performance & finance	Good transparency & accountability
ensure that organisational values, and	>		<				
particularly the corporate values of equality and sustainability, are put into practice and are effective							
use our legal powers to the full benefit of the citizens and communities in our area	*						
make best use of human resources by taking an active and planned approach to meet responsibility of staff	>						
focus on the diverse needs of citizens and service users and exercise strategic leadership by developing and clearly communicating our purpose, vision and intended outcomes		~					
ensure that users receive a high quality of service whether directly, in partnership, or by commissioning		<b>&gt;</b>					
listen and act on the outcome of constructive scrutiny		~	*				
encourage new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal		~			*		
exercise leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships		~					
take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning		~				~	~
be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny		*	~		<b>~</b>		<b>~</b>
ensure that relationships between the authority, its partners and the public are clear so that each knows what to expect of the other			~		~	<b>&gt;</b>	
ensure that members and officers exercise leadership by behaving in ways			<b>&gt;</b>				

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	7 Fundamental Principles						
We will:	Integrity & Values	Openness & engagement	Making a difference	Making sure we achieve what we set out to do	Valuing our people; engaging, leading & supporting	Managing risks, performance & finance	Good transparency & accountability
that exemplify high standards of conduct							
and effective governance							
have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants / needs				~		>	
develop the capability of people with governance responsibilities and evaluate their performance, as individuals and as a group				~	K		
ensure that there is effective leadership throughout the authority and specify clearly the roles and responsibilities of the executive and non-executive functions and also the scrutiny function					*		
ensure that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard					*		
ensure that effective risk management is in place					<b>&gt;</b>	>	
ensure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles					~		
ensure that best use is made of resources and that taxpayers and service users receive excellent value for money						>	