

# Report



## Governance and Audit Committee

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### Part 1

Date: March 2022

**Subject** Local Government & Elections (Wales) Act 2021 – Corporate Self-Assessment

**Purpose** To provide the Council's Governance and Audit Committee an overview of the Council's approach to completing its annual Corporate Self-Assessment as per the Local Government & Elections (Wales) Act 2021.

**Author(s)** Strategic Director - Transformation and Corporate  
Head of Law & Regulation  
Head of People, Policy and Transformation

**Ward** All Wards

**Summary** The Local Government and Elections (Wales) Act 2021 requires local authorities in Wales to undertake a Self-Assessment of its governance and performance.

Following Welsh Government guidance, the proposal is that the Council will integrate its Self-Assessment into the Council's Annual Corporate Report whilst also considering the findings and assessments completed in other statutory annual reports. This assessment will enable the Council to reflect on where it has performed well and where further improvements can be made. An action plan will be reported and monitored to ensure the Council makes continuous improvement on the delivery of its services.

**Proposal** For the Governance and Audit Committee to provide comments and recommendations on the Council's proposed approach in completing its annual Corporate Self-Assessment.

**Action by** Executive Board and Corporate Management Team

**Timetable** Immediate

This report was prepared after consultation with:

- Executive Board
- Corporate Management Team

**Signed**

## Background

In February 2021, the Local Government and Elections (Wales) Act (the Act) received Royal Assent and replaced the previous Local Government (Wales) Act 1994. One of the requirements in the Act is for local authorities in Wales to:

- Conduct an annual self-assessment of performance; and
- Conduct periodic review to provide an external, expert perspective on performance.

For the purpose of this report for Committee consideration the focus will be on the Council's approach to undertaking an annual self-assessment. There is ongoing work to finalise the approach Councils will take towards periodic external reviews also known as Peer Reviews. The approach that the Council will take will be reported in a future report to the Governance and Audit Committee.

To support the implementation of these new requirements, the Welsh Government published guidance for local authorities to consider and adopt the best approach to suit its own governance and performance monitoring requirements. A link to the Welsh Government guidance can be found [here](#). In summary:

1. **Keep performance under review** – ensuring that the Council is exercising its functions effectively; using its resources economically, efficiently, and effectively; and that governance arrangements are effective for securing these areas.
2. **Duty to consult on performance** – ensuring that Councils consult with local people, businesses operating in Newport, Council staff and Trade Unions.
3. **Duty to report on performance** – demonstrating the extent to which the Council has performed in the previous financial year, the action it intends to take or has taken to meet and increase upon performance requirements.

The Council will have to report its Self-Assessment to the Auditor General for Wales, Her Majesty's Chief Inspector of Education and Training in Wales and Welsh Minister's including Care Inspectorate Wales.

The Act allows all local authorities to determine the best approach they wish to take and the appropriate format for the assessment to be published. Before the self-assessment is published, there is a requirement for the views of the Council's Governance and Audit Committee to:

- Ensure the self-assessment has been completed in accordance with the Act.
- Reviewing the draft report, its conclusions, and actions; and
- Proposing recommendations for changes to the assessment.

The Act also states that the report must be published four weeks after the final approval of its preferred approach.

### **Newport City Council Self-Assessment Approach**

Over the last nine months Newport Council has been researching and discussing with other local authorities and Welsh Local Government Association (WLGA) on the best approach to take in undertaking the Corporate Self-Assessment. In developing the Council's approach, three options were considered by senior officers which included:

1. Undertaking a standalone self-assessment of the Council's Governance and performance requesting service areas to self-assess each of their areas and overall corporate governance.
2. Integrating the self-assessment into the Council's Annual Governance Statement (AGS) as this report already assesses the effectiveness and efficiency of the Council's governance, performance and use of resources.
3. Integrating the self-assessment into the Council's annual Corporate Well-being Report (Annual Report) to assess the overall performance and governance of the organisation.

Following a review of the three options, the preferred approach is option 3 (integration with the Annual Report) as the best approach to undertake a self-assessment within the resources of the Council. This considers the additional resource and time required with the other two options to comply with the Act and also the duplication with other statutory reports e.g. Annual Governance Statement, Director of Social

Services Report etc produced by the Council in relation to governance, assessment of performance and compliance with statutory duties.

The integration of the self-assessment into the Annual Report is the preferred option as:

1. The Annual Report includes an assessment of performance against performance measures and an overall assessment of what the Council has delivered in the previous financial year.
  - a. Where measures are underperforming, commentary is provided outlining the reason(s) and where further action is being taken to improve performance.
  - b. The report links into the End of year Service Plan reviews that are completed by each service area and subject to Performance Scrutiny Committee review.
2. The Annual Report integrates and links into other statutory annual reports that are produced by the Council which includes (not exclusive):
  - a. Annual Governance Statement
  - b. Strategic Equalities Annual report
  - c. Welsh Language Annual report
  - d. Director of Social Services Annual Report
  - e. Annual Statement Accounts
  - f. Corporate compliments, comments, and complaints
  - g. Annual Digital and Information Report
3. The Report includes how the Council has consulted and engaged with the City's residents, businesses and staff on key strategic decision making and its performance.

A copy of the last Annual Report can be found [here](#).

To comply with the new requirements in the Act and guidance, several enhancements will be made to the Annual Report but also to other statutory annual reports to support the Council's overall assessment:

- The Annual Report will state how the Report supports the requirements of the Act and enables the Council to effectively self-assess its performance.
- The Annual Report will be more self-reflective and challenging in what it has achieved and where further improvements can be made.
- Inclusion of additional assessment and coverage on the effectiveness of the Council's corporate governance and performance management.
- Widen the coverage of how the Council has effectively engaged and consulted with the key stakeholders (residents, businesses, staff, and Trade unions) outlined in the Act.
- Incorporate and include an action plan outlining how it will improve its governance and corporate performance. The recommendations and actions from other statutory reports will be included and subject to monitoring by the Council's service areas.

### **Governance and Scrutiny**

The Act and guidance state it is at the discretion of each local authority to determine the approach and format which its Self-Assessment is completed. One stipulation in the Act is that the Self-Assessment is reviewed by the local authorities' Governance and Audit Committee (GAC) and that it is formally approved by the Council's Cabinet and/or Council. Once approved it must be published within 4 weeks (in Welsh and English).

At Newport City Council, service areas undertake quarterly monitoring and reporting of their performance, and risk management. Mid and End of Year reviews of service area performance is reported to the council's Performance Scrutiny Committees and Cabinet. In addition, performance and risk are subject to regular senior officer reviews including deep dives into underperforming areas or where risks are not being mitigated effectively.

The Council's performance scrutiny committees will continue their review of service area performance as well as undertaking reviews into specific areas delivered by the Council. For the Council's Annual Report, both GAC and the Overview and Scrutiny Management Committees responses / recommendations will be

taken into consideration before the final version is approved by the Council's Cabinet and published. For clarity the role of each Committee will be:

- **Governance and Audit Committee** – To ensure the self-assessment has been completed in accordance with the Act; reviewing the draft report, its conclusions, and actions; and proposing recommendations for changes to the assessment.
- **Overview and Scrutiny Management Committee** – To review the Annual Report and to scrutinise the performance of the Council in the last financial year ensuring the Council is meeting its Well-being goals and strategic priorities.

### **Next Steps**

The recommendations from the Governance and Audit Committee will be considered in the review of the Council's approach. A report will be presented at Cabinet with a report also presented to the Council's Democratic Services Committee for information.

The draft Annual Report / Corporate Self-Assessment 2021/22 will be drafted and in Quarter 1 and presented to the Council's GAC, Overview and Scrutiny Management Committee and Cabinet in Quarter 2. The final report will be published within 4 weeks of the Cabinet approval and will be available in Welsh and English. Feedback and lessons learned from the development of the first publication will be considered and improvements made to future reports.

The Council will also update its Planning, Performance and Risk Management Framework and its supporting Planning and Performance Policy to incorporate the new requirements of the legislation. The framework and policies will be presented at a future Governance and Audit Committee in 2022/23.

### **Financial Summary (Capital and Revenue)**

The implementation of the new requirements in the Act will be made within existing resources of the Council.

### **Risks**

<b>Risk Title / Description</b>	<b>Risk Impact score of Risk if it occurs* (H/M/L)</b>	<b>Risk Probability of risk occurring (H/M/L)</b>	<b>Risk Mitigation Action(s)</b> What is the Council doing or what has it done to avoid the risk or reduce its effect?	<b>Risk Owner</b> Officer(s) responsible for dealing with the risk?
Non-compliance with the Local Government & Elections Act	M	L	The Approach outlined in the report will mitigate against non-compliance with the Act.	Director for Corporate and Transformation

\* Taking account of proposed mitigation measures

### **Links to Council Policies and Priorities**

- Corporate Plan 2017-22

### **Options Available and considered**

1. Governance and Audit Committee to provide comments and recommendations on the Council's approach to the Self-Assessment note the contents of this report and the approach that the Council will undertake to comply with the new requirements set in the Local Government & Elections Act 2021.
2. Governance and Audit Committee do not accept the contents of the report and require further information to support the Council's approach proposed.

### **Preferred Option and Why**

Option 1 is the preferred option and Officers will consider any feedback received in relation to report presented.

### **Comments of Chief Financial Officer**

There will be no budgetary impact as a result of this report which merely requests that the Governance and Audit Committee provide comments and recommendations on the Council's proposed approach in completing its annual Corporate Self-Assessment. Any actions required as a result of the self assessment process will need to be dealt with through the budget setting process and Medium Term Financial Plan.

### **Comments of Monitoring Officer**

There are no specific legal issues arising from the report. The Governance & Audit Committee is being asked to consider and comment on the proposed arrangements for developing and publishing the annual self-assessment performance report, building-on the current Annual Corporate Well-being Report. The Local Government & Elections (Wales) Act 2021 has removed the previous statutory duty under the Local Government (Wales) Measure 2009 for councils to secure continuous improvement in the delivery of services. The continuous improvement duty has been replaced by a more flexible performance self-assessment process which requires the Council to keep under review the extent to which it is exercising its functions effectively, using its resources economically, efficiently and effectively and has in place effective governance arrangements to secure these performance requirements. As part of that self-assessment process, the Council is required to produce an annual self-assessment report, setting out its conclusions on the extent to which it has met these performance requirements and any actions it intends to take, or has already taken, to increase performance. The annual self-assessment process will require consultation with a number of key stakeholders, including the public, local businesses, Council staff and trade unions. Governance & Audit Committee have a new statutory role under the 2021 Act in relation to this performance self-assessment process and will be required to review the annual draft self-assessment and can make recommendations for changes to the conclusions or action contained in the draft report. How the Council develops and publishes the annual self-assessment performance report is a matter for the Council to determine but, of the available options, it has been agreed that utilising the Annual Corporate Well-being Report would be the most appropriate way of discharging this duty, as it already encompasses most of the evidence-based requirements for the self-assessment process.

### **Comments of Head of People, Policy and Transformation**

The new requirements in the Local Government and Elections (Wales) Act 2021 provides an opportunity for the Council to improve the reporting and assessment on the effectiveness of the Council to its stakeholders in the city. Over the last 4 years the Council has been making steady progress to improving its governance and performance reporting and this new requirement provides the next evolution stage to this work.

The Well-being of Future Generations Act and other statutory duties has been at the centre of how the Council plans the delivery of its services, monitor its performance, and manages the risks of the Council. The Council's Executive Board and Corporate Management Team have been consulted throughout its development and accept the approach outlined in this report. However, as this is the first year of reporting, the Council also accepts that continuous improvements will be made to the overall self-assessment process in the Council.

### **Scrutiny Committees**

An information report will be provided to the Council's Democratic Services Committee for consideration following approval from the Council's Cabinet.

### **Fairness and Equality Impact Assessment:**

- **Wellbeing of Future Generation (Wales) Act**

The requirements set out in the Local Government and Elections Act have integrated the Wellbeing of Future Generations Act in its guidance and legislation. The final report published will be integrated into the Council's Corporate Annual Report which provides an overview of the Council's performance in delivering its Well-being Goals and strategic priorities.

- **Equality Act 2010 / Socio-economic Duty**

There is no requirement to undertake an FEIA which has already been considered by the Welsh Government in the development of the guidance and consultation with local authorities and other affected groups.

For the purpose of the Corporate Self-Assessment the Council will integrate the Council's annual reports on the Equality Act and Welsh Language Measure.

### **Consultation**

The Council has consulted with the Executive Board and Corporate Management Team on the proposed approach that the Council will undertake.

### **Background Papers**

Welsh Government Guidance on Performance and Governance Self-Assessment

Dated: 8<sup>th</sup> March 2022