

Governance Review 2024

Terms of Reference

1. Background

- 1.1 The Council's committee system of governance was implemented in 2017. Following an established period of operation and the recent election of a new administration for a four-year term, the Council has decided it is timely to review its governance arrangements.

2. Purpose

- 2.1 The purpose of the review is to establish if the way the Council is operating its committee system of governance is effective, identifying areas of best practice and recommendations for improvement.

3. Leadership and Governance

- 3.1 The review will be led by officers and steered by the Political Group Leaders, with all matters under consideration being placed on the agenda of the Policy and Resources Committee to enable transparent debate. All recommendations from the review will be referred to the full Council for final determination.
- 3.2 Council may refer matters back to the Policy and Resources Committee for further consideration. Council may delegate implementation of agreed recommendations to the Council's chief officers. It may also decide to set out a workplan of follow-on actions for further development.

4. Scope

- 4.1 The scope relates to the effectiveness of the committee system and any improvements that can be made to it.
- 4.2 The scope does not include considerations of other governance models apart from the committee system of governance (eg cabinet and leader).
- 4.3 Following discussions with Members, the scope has been divided into 7 themes. To keep a clear and manageable focus, each theme poses 2 key questions, the answers to which may produce other questions and potential recommendations.
- 4.4 Each theme is assigned one lead individual or group who will be responsible for collating feedback for reporting back for consideration by the Policy and Resources Committee and the full Council. The Council will ask for the Centre for Governance and Scrutiny to act as critical friend for the outcomes and recommendations of the whole review, as well as taking a specific focus around scrutiny.

Theme	2 Key questions	Lead
Scrutiny	<ul style="list-style-type: none"> • What is effective scrutiny? • Is this working within the existing committees? 	Centre for Governance and Scrutiny
Performance management	<ul style="list-style-type: none"> • What performance outcomes should we be measuring? • How should Members hold officers to account for performance? 	David Blake
Risk management	<ul style="list-style-type: none"> • Where is risk oversight? • How should high risks (eg major projects) get monitored? 	Shane Flynn
Workload	<ul style="list-style-type: none"> • Is the overall committee workload proportionate to the outcomes? • Are the allocation of functions correctly balanced as between committees and as between Members and officers? 	Sian Stroud
Agenda management	<ul style="list-style-type: none"> • What is effective agenda management within the committee system? • Are reports helping to achieve effective decision-making? 	Lloyd Griffiths
Participation	<ul style="list-style-type: none"> • Do Members feel engaged and able to participate appropriately? • Do Worcester residents, businesses and partners feel engaged and able to participate appropriately? 	Political Group Leaders
Administration	<ul style="list-style-type: none"> • Are there any simple constitutional changes that should be adopted immediately? • Are there any changes to administrative arrangements that should be considered? 	Committee Administration team

5. Timescale

5.1 The review will commence in July 2024 and aim to be concluded by the end of November 2024. This timescale may be affected by the level of challenge that is generated by the review itself, as well as the progress of parallel workstreams for example relating to the review of the Council's corporate plans and priorities.

6. Approach and Process

6.1 The review will consider evidence from the following sources:

- Feedback from councillors and officers through committee meetings, working groups and questionnaires
- Benchmarking from other councils
- Advice from the Centre for Governance and Scrutiny
- Feedback from members of the public

6.2 When discussing the overall effectiveness of the Council's governance arrangements, this review will refer to the 7 characteristics of governance risk described by the Centre for Governance and Scrutiny. The summary table below and the detailed appendix provide more information.

1. **Extent of recognition of individual and collective responsibility for good governance.** This is about ownership of governance and its associated systems;
2. **Awareness of political dynamics.** This is about the understanding of the unique role that politics plays in local governance and local government. Positive behaviour here recognises the need for the tension and "grit" in the system that local politics brings, and its positive impact on making decision-making more robust;
3. **How the council looks to the future to set its decision-making priorities.** This is about future planning, and insight into what the future might hold for the area, or for the council as an institution and includes the way the council thinks about risk;
4. **Officer and councillor roles.** Particularly at the top level, this is about clear mutual roles in support of robust and effective decision-making and oversight. It also links to communication between key individuals, and circumstances where ownership means that everyone has a clear sense of where accountability and responsibility lie;
5. **How the council's real situation compares to its sense of itself.** This is about internal candour and reflection; the need to face up to unpleasant realities and to listen to dissenting voices. The idea of a council turning its back on things "not invented here" may be evidence of poor behaviours, but equally a focus on new initiatives and "innovation" as a way to distract attention, and to procrastinate, may also be present;
6. **Quality of local (external) relationships.** This is about the council's ability to integrate an understanding of partnership working and partnership needs in its governance arrangements, and about a similar integration of an understanding of the local community and its needs. It is about the extent to which power and information is shared and different perspectives brought into the decision-making, and oversight, process;
7. **The state of member oversight through scrutiny and audit committees.** This is about scrutiny by councillors, and supervision and accountability overall.

From Centre for Governance and Scrutiny's "Governance Risk and Resilience Framework"

The seven characteristics: in full

Each of our seven characteristics has a neutral description and is accompanied by a set of associated positive and negative behaviours, which you can find below and should be used as prompts rather than a checklist.

This is about using the "seven characteristics" to keep the health of corporate governance under continual review through reflection on the characteristics and behaviours described. We suggest that all officers and members can look to these characteristics and associated behaviours to understand where they might hold responsibility, or oversight, on an issue where there are risks around resilience in governance.

1. Extent of recognition of individual and collective responsibility for good governance

Positive behaviours

Strong relationships between the principal statutory officers and the political leadership, because:

- There is continuity of member and officer leaderships (and succession planning is managed well);
- Statutory officer positions (particularly that of the MO) are occupied by credible, senior people;
- Early financial and legal discussion is considered fundamental to effective decision-making.

Strong, independently backed whistleblowing systems which employees know how to use if needed

Negative behaviours

- there is no succession planning and changes in personnel are not managed;
- People in key statutory positions are interims or temporary appointments (for longer than is strictly necessary);
- People in key statutory positions (particularly the MO) may not be regular SMT attendees;
- The MO may lack appropriate legal support (they may not be a lawyer but this in itself is not a negative sign);
- Financial and legal matters are treated as box-ticking elements of the decision-making process;

A lack of effective whistleblowing systems (which may exist on paper but not in practice)

Positive behaviours

Strong audit systems –

- Robust and mutually supportive relationship between the council and its external auditor;
- Audit Committee leads on oversight of the adequacy and effectiveness of risk management, meeting frequently to discuss impact of financial stresses and pressures;
- Annual Governance Statement complies with legal requirements, and is the culmination of a meaningful, member-led review exercise designed to stress-test both the governance framework and the health of the control environment;

Management is not hierarchical – alongside line management arrangements sit clearly understood lines of accountability and ownership which help the council to deal with cross-cutting matters

Straightforward corporate approach to programme and project management, possibly with oversight from a corporate programme board and SMT

Debriefs from major projects and major decisions are a part of standard operating procedure and are expected to show up weaknesses and shortcomings which need to be collectively owned

A clear-sighted sense of where shortcomings within the council may cause problems, and trying to bolster capacity and resilience to mitigate the risk of future problems. An approach to learning framed by clear and robust ethical principles, which are articulated and understood.

Negative behaviours

Weak audit systems –

- external auditor engages with the council using junior staff
- audit cttee meets infrequently, and takes no active role in risk management
- Annual Governance Statement is generic in tone and content

Lengthy or complicated management hierarchy which dilutes ownership, responsibility and obfuscates difficult messages from the front line

Programme management which obscures clear lines of accountability and elides collective responsibility.

A blame culture, where responsibility for difficult issues frequently shifts between departments and individuals; frequent minor or major departmental reorganisations; top-down mindset

Failures excused by external circumstances / matters beyond the council's control

Proposals to learn lessons from failure ignored or implemented in a minimalist way, with a focus on processes rather than culture and behaviours. Ethics are understood only in the abstract.

2. Awareness of political dynamics

Positive behaviours

The role and presence of politics is understood and accepted; it is recognised that councillors are politicians and that their political skills bring unique credibility, legitimacy and perspective to decision-making. Officers while apolitical are aware of political dynamics and manage them sensitively, operating confidently in the political space. Use of the LGA Member Code of Conduct and the "Seven Principles of Public Life" to explore and understand how political dynamics impact on councillor activities, with the Code used as a springboard for discussion.

Negative behaviours

Assertions of the need to be "non-political" – an unwillingness to engage in constructive political debate. LGA Code of Conduct and other material integrated into the constitution wholesale without discussion. Ethical principles are minimised or ignored.

Officers act as objectively as possible, being diligent in drawing together a full spectrum of evidence on which councillors can make informed decisions. Officers understand how their own subjectivity and biases influences their work; councillors understand how their beliefs and ideologies influences their own perceptions.

Debate is discouraged, particularly within the leading political group – there is seen as a single political approach to which all need to be signed up. Officers are treated with suspicion – for example by opposition parties who see them as having been "captured" by the executive.

3. How the council looks to the future to set its decision-making priorities

Positive behaviours

Corporate plan which clearly links long term aspirations with medium and short term activity to meet those aspirations. Plan also clearly prioritises, with a justification for that prioritisation clear to see. Trade-offs inherent in such plans are flagged, understood and acknowledged, especially where they engage with matters which are politically contentious.

Negative behaviours

Poor quality corporate plan. This might be a plan which is really just a programme management document, or one whose priorities are set so vaguely that everything is a priority (for example, where everything the council does is somehow engineered to be part of a corporate priority).

Risk awareness and management is part of every decision.

Risk management that is incomplete or 'tick box'.

Directors and senior decision-making councillors have the time and space to

Fixation on project management as a proxy for strategic thinking – directors and senior

Positive behaviours

think clearly and with confidence about the long term – the fact that this thinking is happening is communicated with the wider organisation

Internal and external communication which is frank, candid and mature. Comms which have a consistency derived from the presence of a common understanding of the council and of the area, and the challenges and opportunities that both face.

Meaningful thinking and action on what long term pressures and opportunities might mean for the council's operating model. People throughout the organisation being prepared to innovate to handle these pressures and opportunities, with this preparation being informed realism born of an accurate understanding of the organisation's capacity and abilities

Sufficient people in the organisation with strategic skills and responsibilities. This may involve a traditional corporate core alongside individuals in different parts of the council who combined functional specialisms with the ability to think strategically; in particular, individuals with political awareness.

It is also likely to include succession and business continuity planning for management of senior vacancies, and ensuring the council does not rely on interim appointments for a sustained period.

Negative behaviours

members spend a lot of time on the industry of programme and project management

Unrealistic optimism, in public statements from the executive and internal communications, which does not align either with internal plans, or with a sound understanding of the wider context. In the context of planning for the future, this could be described as the sense that "something will turn up"

A preoccupation with novelty and innovation as a proxy for meaningful conversations about the future and the council's response to it, including a faddish approach to innovation which is not aligned with the strategic direction of the authority

A small or non-existent corporate core. This is likely to include few or no policy or research specialists, or specialists in corporate communications, lawyers, financial professionals with corporate responsibility; people who might be expected to protect and support key components of the governance framework.

Preparation for the future is seen as divorced from the council as a democratic, political institution. Many senior posts may be filled on an interim basis, possibly in anticipation of a promised organisational restructure.

4. Officer and councillor roles

Positive behaviours

Ethics is front and centre in how officers and members work together. The "Seven Principles of Public Life" are understood, and lived in practice; they act as the bedrock of positive behaviours.

Councillor, and officer, conduct is taken seriously. People support each other to model good behaviour. This is based on mutual respect despite the presence of robust argument and debate. The importance of political disagreement is understood.

Business is carried out through appropriate formal and informal means, in a way that is transparent and understood and which adheres to consistent rules. Not everyone is involved in decision-making, but the way that decisions are made, by whom and at what time is clear, allowing accountability for those decisions to be tracked

Senior councillor decision-makers "front up" major strategies and decisions, owning tough judgements and trade-offs.

Within a clear and consistent scheme of delegation, senior officers have the freedom to manage operational matters; councillors retain oversight

Negative behaviours

The authority may have an ethical or values framework but an understanding of it is absent. People rely on rigid adherence to rules and checklists as a substitute for exercising responsible, personal and professional judgement of behaviours.

Conduct is treated performatively; exhortations on "civility" are used to quash dissent and disagreement. Conduct complaints are tit-for-tat and may involve both officers and members. Conduct which is clearly unacceptable is a regular feature of public meetings, with poor behaviour often directed towards officers who are not able to answer back.

Resolution of complaints and concerns may be inadequate, with disciplinary systems not working well leading to a sense that certain individuals can act inappropriately with impunity.

A lot of business transacted in informal meetings between officers and members – for example Director/Cabinet Member meetings, which may not be effectively recorded. This leads to a lack of clarity on exactly who is responsible for making decisions, despite what the scheme of delegation might say.

A lack of member ownership of big issues. Decisions may pass through member structures, but in a "tick box" way which provides little or no opportunity for influence.

Overt, ongoing member involvement in operational matters in a way that takes up significant officer time, and that may involve member micromanagement. Poor behaviours

Positive behaviours

(including through scrutiny) and matters which might be causing concern escalate to members effectively.

Predictability in in-year accounting – necessary changes to the in-year budget managed with a clear paper trail and using established principles, overseen by the s151 officer and with the roles and responsibilities of others clearly understood.

Councillors are kept informed of and engaged in emerging issues – through briefings and discussions between members and officers – and are similarly made aware of major forthcoming decisions. A “no surprises” approach is taken with the members corps on all matters of corporate importance.

The way that relationships between councillors and officers is mediated is appropriate and relevant to the situation. Senior officers are available to councillors and junior officers work with them to resolve local issues. Councillors liaise and communicate appropriately with officers at all levels.

Councillors lead in setting the organisation’s risk tolerance and risk appetite. Risk is discussed frankly and openly across the organisation. Officers develop plans and strategies which reflect an understanding of risk, its consequences and mitigation.

Personal development is built into day-to-day work, and the appraisal process. Councillors lead and direct their own development objectives; councillor

Negative behaviours

may be involved; officers may be subject to member bullying.

A looseness in the management of budget changes (where senior officers and members are not sighted on emerging issues) or unreasonable exercise of control – neither of which may align with the scheme of delegation.

Unexpected non-emergency virements, large underspends and overspends not addressed.

Infrequent or non-existent member briefings on matters of importance. Information is guarded and only shared with a small selection of hand-picked people.

Officer and member relationships are over-mediated (through members being expected to push requests and communication through a central mailbox or person) or under-mediated (members making continual, scattergun requests of officers, using up significant amount of senior officer time). Senior officers may be high handed and dismissive towards members’ requests for information.

No meaningful discussion of risk by either members or officers, or by the two groups together; views of risks and risk appetite are largely personal, and differ significantly between members and officers as the issue isn’t discussed

Poor quality or non-existent training and development, including:

Positive behaviours

activity (particularly in scrutiny) is designed around this issue. Development includes a focus on “soft” skills – particularly relational skills and political awareness.

Negative behaviours

- No meaningful staff or member development programme;
- Member training limited to formal induction, and training required to carry out statutory duties;
- Officer training focusing on “cramming” for professional certification, CPD points or accreditation;
- Training and development entirely distinct to the day-job with little management follow-through;
- Training generally of a poor quality, delivered in-house or by a “trusted” external consultant to an outdated formula.

5. How the council’s real situation compares to its sense of itself

Positive behaviours

Council has a clear sense of the experiences of, and outcomes for, local people.

Robust performance management system which sits as part of a system by which the council collects and uses information more generally, tied into improvement activity, supportive of the council’s Best Value duties.

There is a clear sense of who the council’s “nearest neighbours” are on key issues and attempts are made to ensure that this understanding influences how decisions are developed and made.

Engagement with the wider sector – through institutional membership of a range of sector bodies, networking at senior and junior level, and the use of insight gained in this way (including using

Negative behaviours

Official council data providing a skewed and inaccurate picture (perhaps evidenced by significant numbers of member queries or complaints on matters where the council insists performance is good)

No effective performance management system – dominance of the form and process of scorecards and information monitoring without assurance on data quality or improvement action. The council’s duties to ensure continuous improvement are elided and not taken seriously.

A preoccupation with the council’s uniqueness or distinctiveness – either as an institution, or in terms of the area it serves, with that perceived distinctiveness used as a reason to do or not do certain things

Little serious effort made to look out to the examples of others – little senior attendance at external conferences, little involvement with national institutions like the LGA (no recent corporate peer

Positive behaviours

good practice / nearest neighbour information intelligently) to influence the way decisions are made. This may also include a positive, proactive and welcoming attitude to external challenge.

Negative behaviours

challenge has been carried out, for example). Attempts are made to uncritically transpose national "best practice" into local operations, or to ignore best practice entirely. Adverse external opinion (from CQC, Ofsted, the LGA or others) is either explained away or subject to unambitious "action plans" which are not effectively prioritised, and which are soon abandoned.

Risk is understood, and an awareness of it is shared throughout the organisation. Risk appetite and tolerance are set, and owned, by councillors.

No meaningful risk registers at a corporate level, or risk registers which appear to some to downplay risks. Risk registers and associated information tightly managed, and seen only by a select few.

Systems are regularly stress-tested; the principal statutory officers (and councillors) scenario-plan as part of their approach to risk to understand where the greatest risks of failure exist and how these can be mitigated.

Political and organisational unwillingness to countenance the possibility of failure

Risk mitigation is planned based on existing resources and an understanding of current organisational capacity – risks and mitigation activity are "owned" and monitored carefully, including being escalated where necessary

Risk mitigation vague, resting on unproven assumptions and relying on magical thinking about how solutions will emerge

Swift action to address problems as they emerge – groups of officers and members work across organisational boundaries to understand problems and tackle them and their impacts.

Procrastination, strategically and operationally – a sense that "crisis" will bring about innovative solutions by concentrating minds; sweating the organisation's human assets for minimal return

Continuing to invest in corporate capacity to change and transform – ensuring that the organisation remains flexible enough to be able to take difficult decisions quickly and confidently

Buying time by reducing capacity to deal with future problems – endless firefighting. Lacking capacity to invest in major change when it is needed leads to a paucity of ambition, or ambition which cannot be met, or a tacit sense of "managed decline".

6. Quality of local (external) relationships

Positive behaviours

Communication is treated as a strategic function of the authority. The council "thinks out loud", bringing local people and partners into conversations about the future of the area, and participating in conversations held by others in the places those conversations are happening

The information on which decisions are based are published, and added to, publicly. Statutory documents are published promptly and are easy to access.

The council invites challenge on its plans – by engaging in dialogue on those plans in a way that feels meaningful and relevant to local people. This often results in a significant change in approach.

The council and its partners work together as equals, developing a common framework of priorities which everyone works to meet. Discussions of risks happens with partners candidly; strong relationships mean that partners support each other. The council does not feel it has to be centre stage.

Where possible and necessary, budgets are pooled and/or managed jointly between organisations, backed by strong governance arrangements. The statutory, and other, duties of individual organisations are considered as part of this process.

The council communicates its intentions – short and long term – to its key partners. The political dynamics within which the council operates are well understood by partners.

Negative behaviours

Communicating being mainly operational, and on the council's terms (both with partners and the public). Public "consultation" is managed by a comms team with little community engagement experience, or alternatively by service-level officers who lack the skill and backing to do it effectively

Communication, particularly with the public, feeling performative and mainly about broadcasting the council's "line" on an issue, with no real interest in changing the council's approach other than on minor operational points. Members of the public challenging the paucity and poor quality of consultations are dismissed as "difficult" or troublemakers. The council has a poor FOI and complaints record.

Priorities are not aligned with those of partners; partnership discussion is mainly about negotiation around competing objectives. Relationships are performative and superficial, focused on the council thinking what it, as an institution, can get out of partners.

Tussles over budgets (with budgets possibly weaponised where the council funds certain partners and their activities, particularly where partners are third sector bodies or there is otherwise a power imbalance)

Partners (and the council) frequently surprised by unexpected actions of others

7. The state of member oversight through scrutiny and audit

Positive behaviours

Scrutiny uses self-evaluation, and periodic external review, to provide a check on effectiveness, with this feeding into the scrutiny Annual Report

Audit Committee is active and engaged and takes an overview of the systems of control, audit and governance

Executive works actively with scrutiny to ensure that councillor oversight is as effective as possible; executive/scrutiny protocol in place which supports meaningful dialogue

Scrutiny prioritises its work driven by a sense of the need to add value and can clearly demonstrate the impact of what it does

Development needs of scrutiny and audit chairs well-understood – chairs are independent-minded and confident in exercise a leadership role, and command the confidence of their peers

Leadership positions in scrutiny shared across parties; all parties have an opportunity to influence scrutiny's future direction and priorities

Culture of scrutiny is challenging and robust, but thoughtful and reflective, focusing on issues of most critical local importance rather than what may be expedient from a party political perspective

Negative behaviours

No regular process by which scrutiny members/officers reflect on the role and impact of the function

Audit Committee receives reports but work is tightly focused on financial controls or other aspects of operational management, and does not consider the overall systems of governance or make links between elements of it.

Executive attitude to scrutiny one of exasperation – wanting it to be “good” in the abstract but unable or unwilling to put the proactive measures in place to make this happen (scrutiny's effectiveness being seen as a matter for scrutiny alone)

Scrutiny members kept occupied with “busywork” – lots of scrutiny activity without any real sense of its impact

Weak or poorly-skilled members in chairing positions

All scrutiny leadership positions (chairs and vice-chairs) held by members of the same party

Member disengagement evidenced by overt political behaviours and a hobby-horse approach to work programming (ie members choosing to look at items that interest them rather than those which are of importance to the council and community)