



**Audit & Governance Committee
18 January 2023**

Centre for Governance and Scrutiny review of behaviour and cultural governance

Purpose of the report:

To present to members the findings of the Centre for Governance and Scrutiny (CfGS) following a review of Council governance using their Governance Risk and Resilience Framework which considers good governance through the behavioural and cultural characteristics of an organisation.

Recommendations

1. To consider the feedback and findings of the CfGS attached at appendix 1.
2. To agree the draft action plan attached at appendix 2 and request an update report on the implementation of the plan at the July meeting of the Committee.

Introduction

3. The CfGS's recently developed a new Governance Risk & Resilience Framework which looks at Council governance in a new way. In addition to considering systems and process, the framework looks at the culture and behaviour of an organisation against a series of criteria and positive and negative behaviours. Surrey County Council was an early adopter of this approach to establish, with the help of CfGS, where development and improvement could assist the Council's future understanding and management of risk relating to governance.

4. Some Council's suffer serious challenges in their governance. These are not issues which currently apply in Surrey. The CfGS concluded that Surrey's systems, processes, and behaviours around governance are robust. But it is still necessary for the Council to prepare to strengthen and refine systems which are currently resilient. This continuous improvement in governance is important.

5. The framework is a set of material designed to support councils to understand and act on evidence of risks to good governance. It is designed to complement and

supplement the CIPFA “Good governance in local government” framework which sits behind the Council’s Code of Corporate Governance.

Governance Risk & Resilience Framework

6. The core of the CfGS’s approach is designed to help officers and councillors to reflect on and better articulate their perceptions of where risk lies – and to talk to others about those risks. It sets out a set of positive and negative behaviours that people may hold and helps to review the extent to which those are present or absent in a council setting. These characteristics relate to seven key aspects that connect to the way that governance works in local authorities.

7. The seven characteristics invite consideration of the following points:

- **Extent of recognition of individual and collective responsibility for good governance.** This is about ownership of governance and its associated systems;
- **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;
- **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;
- **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;
- **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;
- **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;

• **The state of member oversight through scrutiny and audit.** This is about scrutiny by councillors, and supervision and accountability overall.

8, The assessment involved CfGS supporting officers and members to reflect on their own perceptions of governance at the authority and the behaviours that surround it, through a series of interviews. CfGS bolstered these perceptions with reference to a range of council documentation, including the constitution, strategic information and management information.

9. It is important to note that this exercise has not been just about identifying where existing weaknesses might exist, but where there is the risk or potential of weaknesses emerging in the future.

10. The CfGS letter, attached at appendix 2, provides feedback on these perceptions – further to the rationale behind the framework, and largely it reflects the Council’s own collective understanding of its own strengths and weaknesses, and emerging risks.

Next steps

Attached at appendix 2 is a draft action plan to address the areas identified by the CfGS as possible risks to good governance in the future for members consideration and comment.

If agreed it is recommended an update report on activity be provided to the Committee at its meeting of 23rd July 2023.

Implications

Financial

4 There are no direct financial implications arising from this report. Continued improvements in governance will support the delivery of the council’s objectives.

Equalities

5 There are no direct equalities implications of this report.

Risk management

6 Strong governance arrangements support the council in the effective delivery of services and achievement of objectives.

What happens next

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Sources/background papers: CfGS Governance Risk and Resilience Framework. Code of Corporate Governance. CIPFA/SOLACE framework *Delivering Good Governance in Local Government*.
