

Meeting
07/12/07

Agenda Item
7

Reference No
HEFCW/07/101

1 Issue

This paper invites the Council to carry out its annual review of its corporate governance arrangements.

2 Corporate Planning Implications / Rationale for paper

The Corporate Strategy and Corporate & Operational Plan 2007-10 specifically commits Council to undertake an annual review of its *Standing Orders for the Conduct of Council Business*, *Scheme of Delegation* and *Financial Regulations*, and also to review its committee structure over the planning period.

3 Recommendation(s)

The Council is invited to:

- i. Review the latest update of the assessment of the Council's processes and arrangements against the corporate governance checklist (**Annex A**);
- ii. Review its *Standing Orders for the Conduct of Council Business*, *Scheme of Delegation* and *Financial Regulations* (**Annexes B and C**); and
- iii. Receive a report on the application of the Council's official seal during 2007.

4 Timing for decisions

There are no particular timing issues with respect to the issues presented in this paper.

5 Council members' interests

No Council member has declared any further interests to those set out in the Register of members' interests which are of specific relevance to the matters covered in this paper.

6 Further information

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7 Background

- 7.1 At its December meetings, Council traditionally reviews its *Standing Orders for the Conduct of Council Business, Scheme of Delegation and Financial Regulations*. At its December 2006 meeting, Council also considered for the first time an assessment of its corporate governance arrangements against a checklist, developed on the basis of CIPFA's *On Board* publication and a number of other best practice documents.

8 Corporate governance checklist

- 8.1 The latest assessment of the Council's arrangements against the checklist is attached at **Annex A**.

Questions requiring a Council-wide view

- 8.2 At its Workshop in May 2007, Council agreed that all members would be invited to submit their individual views on a number of questions in the checklist which required a Council-wide perspective. These views have been considered by the corporate governance working group and are summarised below. (Each individual comment also has been sent separately to Council members.)

A.1 Focusing on purpose and outcomes

i) Is the Council clear about what it is trying to achieve as an organisation ?

On the whole, yes, but with a number of qualifications – e.g. strategic scope unclear; sometimes a tension between having to address more urgent issues vs. focussing on our longer term strategies; need to monitor how Mission Statement, with its associated values, 'beds down' over next year or so.

Action: any ?

ii) Does the Council believe it is doing well in achieving intended outcomes ?

Generally yes (though it is important that Council continues to press on the key matter of the funding gap).

iii) Does the Council use information it has about costs, performance and the quality of its services to make decisions about making improvements, including to achieve better value for money ?

General agreement that Council uses information available, but that it should consider whether it uses *all* of it and whether it should broaden the range. Should consider whether to include assessment of VFM 'after the event' (e.g. following the use of consultants). Also, making improvements is about more than just VFM; need also to think of this issue in context of our values and in terms of longer-term sustainability.

Action: any ?

A.2.3 Relationship with Sponsoring Body

iv) Is Council clear about its scope for independent action ?

Council clear that its scope for independent action is limited. Some members note that HEFCW's position between the Assembly Government is a delicate balance to maintain.

v) Does the Sponsor Department provide all Council members with an effective introduction to:

- *the relative roles and powers of the Sponsor and the Assembly more broadly ?*
- *special requirements particular to the proper conduct of public business*

General view is that members are not given a sufficient introduction to or explanation of these issues.

Action: Put forward proposals to the Assembly for improving induction arrangements for new members.

A.3 Performing effectively in clearly defined functions and roles

vi) Has the Council clearly set out its approach to each of its main functions ? Is this well understood by all Council members and senior staff ?

Current arrangements well understood and generally regarded as satisfactory.

vii) Does the Council:

- *retain full and effective control over the body?*
- *monitor the executive management?*

Current arrangements generally considered satisfactory.

A.4 Taking informed, transparent decisions and managing risk

viii) Are Council decisions based on clear criteria, rationale and considerations ?

Yes.

A.5 Developing the capacity and capability to be effective

ix) Is Council effective at identifying gaps in members' skills and knowledge and providing opportunities to update these ?

Some members generally satisfied with current arrangements; others raise issue of whether more needs to be done to address gaps when identified.

Action: any ?

x) Does Council have effective arrangements for reviewing the performance of individual members ?

Yes.

Council is invited to reflect on the summary views of members on the above questions from the corporate governance checklist, and to agree any actions

Other actions suggested by the checklist assessment

8.3 The latest assessment against the checklist at Annex A also suggests the following actions:

- Discuss with the Assembly the issue of the boundary of responsibility for risk management.
- Revise draft 'whistle blowing' procedures for Council members and re-submit to the Assembly.
- Take forward various Appointment Committee resolutions on standardisation of Council's processes for selecting and appointing Committee members.
- Develop a process for self-assessment reviews of the effectiveness of Council committees, to complement that in place for Council.
- Include reference to compliance with corporate governance standards or codes of practice in next year's Annual Report.
- Review and revise as necessary the *Code of Practice for Members of the Higher Education Funding Council for Wales*, including to reflect current requirements in the Management Statement and Financial Memorandum.

9 Standing Orders, Scheme of Delegation and Financial Regulations

9.1 The Council's Standing Orders for the Conduct of Council business are attached at **Annex B**. The following paragraphs have been revised:

4.1 addition of reference to the new Director of Strategic Development

11.1 addition of new committees

11.3 inclusion in committees' terms of reference details of process for identifying a deputy chair (Appointments Committee recommendation)

11.4 amended to state that chairs of all committees shall be members of Council (Appointments Committee recommendation)

11.6 addition of reference to Management Statement

Annex – revised to reflect new Council paper structure

Council is invited to approve the revised 'Standing Orders for the Conduct of Council Business' at Annex B

9.2 The Council's Scheme of Delegation is attached at **Annex C**. It has been revised to add to the general and special provision sections for the Chief Executive references to the new Director of Strategic Development.

Council is invited to approve the revised 'Scheme of Delegation' at Annex C

- 9.3 The Council's *Financial Regulations*, which date from December 2003, set out the responsibility for the financial operations within the Council. The revision of the financial regulations is in progress but has been delayed pending the approval of the Budget and Cash Management Procedures which was provided in October. The revised financial regulations will be presented to the next Audit & Risk Committee meeting in March 2008 for approval.

10 Application of the Council's official seal during 2007

- 10.1 Standing Order 10.5 requires an annual report to Council on the documents sealed during the year using the Council's official seal. No documents required application of the Council's seal during the calendar year 2007.

Council is invited to note that no documents required the application of the Council's official seal during 2007

11 Financial implications

- 11.1 There are no financial implications, current or future, for the Council of agreeing to the recommendations in this paper.

12 Communications implications

- 12.1 The Council is committed through its Publication Scheme to publish information on its corporate governance arrangements. The Council's *Standing Orders*, *Scheme of Delegation* and *Financial Regulations* are published on the Council's website and intranet. General details of the Council's corporate governance arrangements are published in its Corporate Strategy and Corporate & Operational Plan.

13 Diversity and Equal Opportunities implications

- 13.1 The Council's *Standing Orders*, *Scheme of Delegation* and *Financial Regulations* are published bi-lingually.
- 13.2 In accordance with HEFCW's Equality Impact Assessment Guidance, the Council's full range of corporate governance documents will be assessed for any potential impact on each equality strand (disability, gender, race, religious belief or sexual orientation etc.) and also for any Welsh language implications.

14 Risk Assessment

14.1

RISK	ACTION TO ADDRESS RISK
Council's corporate governance arrangements not documented, monitored or further developed to reflect recognised best practice, leading to potential breach of MS/FM with the Assembly and minor reputational damage	<ul style="list-style-type: none"><li data-bbox="831 421 1182 633">• Council has in place Code of Practice for Members; Standing Orders; Scheme of Delegation, Financial Regulations<li data-bbox="831 678 1230 813">• Council conducts regular effectiveness and members' development reviews<li data-bbox="831 857 1230 1037">• Corporate governance documents and arrangements regularly reviewed by Council, and by internal audit