

**21 OCTOBER 2019**

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**DISCLOSURE OF INTERESTS – ADDRESSING PROPOSALS  
RELATED TO WAO AUDIT OF FINANCIAL STATEMENTS 2018-19**

**REPORT OF CCR CITY DEAL DIRECTOR**

**AGENDA ITEM: 4**

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**Reason for this Report**

1. During the process of audit of Financial Statements Report for 2018/19, Wales Audit Office's (WAO) work highlighted an issue in respect of Registration of Member's Interests related to a local authority partner of City Deal. The City Deal Office has now received a follow-up letter from the WAO. This report contains an overview of the letter and the proposals contained within alongside a full response from the Cardiff Capital Region City Deal, supported and informed by its Accountable Body.

**Background**

2. The process of auditing the financial statements for 2018/19 by WAO highlighted an issue in respect of Registration of Member's Interest. This relates to a Local Authority partner of the City Deal - Caerphilly County Borough Council. Both the City Deal Office and Caerphilly County Borough Council have now received follow-up letters from the WAO on this matter.
3. The correspondence from WAO received by the City Deal Office makes clear that neither the CCR Officers, Regional Cabinet nor the Accountable Body's Monitoring Officer were made aware of the issue until the point in time that the declaration was first made during a City Deal Cabinet briefing. The WAO view is that the Member Code of Conduct has been breached. The letter received by Caerphilly Council addresses this matter, whilst the letter received by the City Deal Office sets out that (given the nature of City Deal activities related to major investment decisions, inherent in which is commercially sensitive and confidential information) Regional Cabinet members and officers should be clear about their responsibilities with regard to the registration of individual interests and the declaration processes which must be followed.
4. The letter makes four recommendations which relate to emphasising processes and protocol and how these might be best enhanced and reinforced. The

recommendations are set out in the table below, alongside the City Deal suggested response. It should be noted that beyond the focus on process for members and officers involved in City Deal, the response goes wider to external partners and advisory groups that form part of City Deal governance structures.

5. It should be further noted that in respect of Recommendation iv which states that the Joint Working Agreement (JWA) should be amended to reflect the protocol to be agreed by the City Deal Council’s Monitoring Officers, advice received from the Accountable Body suggests that a line is added to Paragraph 3.56 of the JWA (Reputation and Standing). This is proposed to read: ‘*A Protocol will be agreed between the Monitoring Officers of the Councils to set out a process to ensure a consistent approach to the interpretation of issues relating to potential conflict of interest under the Member Code of Conduct*’. Further advice received by the Accountable Body provides assurance that since this is neither a substantive nor material change to the JWA, this can be agreed by full Cabinet without recourse to the ten Councils.

WAO Proposal	CCR Response
<p><b><i>i. Remind all Regional Cabinet Members that it is their personal responsibility to ensure that they understand their obligations under the Model Code of Members Conduct. In particular, they must act in a way that demonstrates that they both understand and are committed to meeting the high standards of conduct that is expected of them.</i></b></p>	<p>CCR/ Accountable Body Monitoring Officer (or suitable representative) with CCR Director to hold a mandatory Code of Conduct briefing/training session for all of the members of the Joint Committee. This session will be repeated for any new members of the Joint Committee.</p> <p>This slot will be scheduled for after the late autumn 2019 briefing session.</p> <p>In addition to this, a workshop session will take place at the Cabinet Away Day on 26 October 2019.</p>
<p><b><i>ii. Provides further training to Regional Cabinet Members in respect of situations where potential interests could affect public perception of Cabinet Members’ ability to take decisions in the public interest and not for personal gain or benefit.</i></b></p>	<p>In addition to the above, a meeting will be held with the Monitoring Officers’ Forum to repeat the briefing session and stimulate dialogue and scenario-based discussion regarding the process, potential challenges and issues and opportunities. This will include the development of a protocol setting out an agreement between Monitoring Officers and the Accountable Body’s Monitoring Officer re: dealing with potential interests in a City Deal context.</p> <p>The process of training and briefings will be repeated with officers, RTA, REGP and the Regional Business Council.</p>

WAO Proposal	CCR Response
<p>iii. <b>Emphasises the need for Regional Cabinet Members to inform the Accountable Body's Monitoring Officer of any potential interests at the same time as they notify their respective authority's Monitoring Officer.</b></p>	<p>To be included in the above Code of Conduct briefing/training session, and in the proposed protocol setting out an agreement between the Monitoring Officers of all the City Deal member Councils and the Accountable Body's Monitoring Officer re: dealing with potential interests relating to City Deal matters.</p>
<p>iv. <b>Ensures that where regional or Joint Committee arrangements exist, there is sufficient communication between the authority's Monitoring Officer and the accountable body so that it is satisfied that both the registration and declaration of member's interests is appropriate and transparent. The Joint Working Agreement should therefore be amended to reflect this.</b></p>	<p>An agreed protocol will be developed between the Monitoring Officers of all of the City Deal Councils, including an agreement that the Monitoring Officers will consult with each other and take a consistent approach to the interpretation of Code of Conduct issues, and inform the City Deal Accountable Body Monitoring Officer of any requests for advice by Joint Committee members on potential conflict issues.</p> <p>The JWA be amended to reflect this by adding to paragraph 3.56 of the JWA the words in bold as follows:</p> <p>Paragraph 3.56 of the JWA relates to Reputation and Standing and specifies that the Councils agree that, in relation to the JWA and the City Deal generally, they shall pay the utmost regard to the standing and reputation of one another, and act with regard to each Council's own employer and member codes of conduct and shall not do or fail to do anything which may bring the standing or reputation of any other Council into disrepute or attract adverse publicity to any other Council. <b>A protocol will be agreed between the Monitoring Officers of the Councils to set out a process to ensure a consistent approach to the interpretation of issues relating to potential conflicts of interest under the member code of conduct.</b></p>

## **Reasons for Recommendations**

6. The correspondence received by WAO sets out four recommendations in relation to emphasising obligations and responsibilities in respect of Registrations of Interest. This report sets out suggested responses and actions in relation to comprehensively addressing the recommendations.

## **Financial Implications**

7. This report sets out recommendations received from Wales Audit Office in respect of enhancements and reinforcements of Regional Cabinet's processes and protocols and as a result does not have any financial implications upon the Joint Committee

## **Legal Implications**

8. The Regional Cabinet is asked to approve the proposed actions in response to the recently received WAO recommendations in relation to Registration/Declaration of Member's interests.
9. In light of the recommendations received, Regional Cabinet are also asked to approve the proposed refinement to Clause 3.5.6 of the JWA, as further set out in the body of the report. Schedule 1 (Delegation Policy) to the JWA provides amendments to the terms of the JWA, which are not substantive, is a Joint Committee matter.

## **Well-Being of Future Generations (Wales) Act 2015**

10. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRC) must set and published well-being objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national well-being goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the 'well-being duty' and in so doing assist to achieve the national well-being goals.
11. The well-being duty also requires Councils to act in accordance with a 'sustainable development principle'. This principle requires Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that the Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Regional Cabinet must:

- look to the long term;
  - focus on prevention by understanding the root causes of problems;
  - deliver an integrated approach to achieving the seven national well-being goals;
  - work in collaboration with others to find shared sustainable solutions;
  - involve people from all sections of the community in the decisions which affect them.
12. The Regional Cabinet must be satisfied that the proposed decision accords with the principles above.
13. To assist the Regional Cabinet to consider the duties under the Act in respect of the decision sought an assessment has been undertaken, which is attached as an Appendix to this report (Well-being of future generations assessment) for Member's consideration.
14. In preparing reports due regard must be given to the Statutory Guidance on the Act issued by the Welsh Ministers, which is accessible using the link below:  
<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

### **Equality Act 2010**

15. In considering this matter, regard should be had, amongst other matters, to the Councils' duties under the Equality Act 2010. Pursuant to these legal duties the Regional Cabinet must in making decisions have due regard to the need to (1) eliminate unlawful discrimination (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are:
- age;
  - gender reassignment;
  - sex;
  - race – including ethnic or national origin, colour or nationality;
  - disability;
  - pregnancy and maternity;
  - marriage and civil partnership;
  - sexual orientation;
  - religion or belief – including lack of belief.

### **RECOMMENDATION**

16. It is recommended that the Cardiff Capital Region Regional Cabinet:
- considers and notes the recommendations made by the WAO in respect of Registrations of Interest;
  - endorses and approves the proposed responses and actions set out above in respect of addressing the recommendations made;

- agrees to receive updates as part of ongoing quarterly performance monitoring in respect of progress on the key proposed actions set out above and;
- approves the proposed amendment to the JWA as set out in paragraph 5 to this report.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**21 October 2019**

## **Appendices**

Appendix 1 – Future Generations Assessment Evaluation

# Future Generations Assessment

<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 919286</b> <b>E-mail: kellie.beirne@cardiff.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b>  WAO set of proposals regarding enhancements to process for Registration of Interests
<b>Proposal: WAO Letter – Registrations of Interest</b>	<b>Date Future Generations Evaluation form completed: 21 October 2019</b>

**1. Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report makes recommendations in respect of governance/process enhancements	Not relevant to report purpose
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	N/A	N/A

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	As above	
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	As above	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	As above	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	As above	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	As above	

## 2. How has your proposal embedded and prioritized the sustainable governance principles in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The report does not make a proposal – it notes the WAO findings and describes how changes will be implemented. Any changes will have due regard to sustainability duties and aims and these will be further assessed on a project and investment basis.</p>	
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>As above</p>	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>The report recognizes the need to broaden involvement and the response sets out how this will begin to be achieved</p>	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The report does not make a proposal – it notes the WAO findings and describes how changes will be implemented in response. Any changes will have due regard to sustainability duties and aims and these will be further assessed on a project and investment basis.</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>As above</p>	

**3. Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Age	Not directly relevant – this is more relevant to projects and specific proposals		
Disability	There is an issue around accessibility to meetings		
Gender reassignment	Not directly relevant – this is more relevant to projects and specific proposals		
Marriage or civil partnership	Not directly relevant – this is more relevant to projects and specific proposals		
Pregnancy or maternity	Not directly relevant – this is more relevant to projects and specific proposals		
Race	Not directly relevant – this is more relevant to projects and specific proposals		
Religion or Belief	As above.		
Sex	As above		
Sexual Orientation	As with all of the section above.		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Welsh Language	We will discharge all of our duties in relation to the Welsh language Act.	Not at this time but the situation will be kept under review.	

**4. Safeguarding & Corporate Parenting. Are your proposals going to affect either of these responsibilities?**

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	The process of Registration of Interests exists to protect all interests		
Corporate Parenting			

**5. What evidence and data has informed the development of your proposal?**

**6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

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**7. ACTIONS:** As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

<b>What are you going to do</b>	<b>When are you going to do it?</b>	<b>Who is responsible</b>	<b>Progress</b>
<b>Monitor progress through delivery of the Annual Business Plan and quarterly reporting</b>			

**8. MONITORING:** The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

<b>The impacts of this proposal will be evaluated on:</b>	<b>Quarterly through 19/20 and the Annual Business Plan</b>
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