

**Item: 14**

**Title:** Governance Arrangements Update and Forward Plan

<b>Gweithredu / Action required</b>	For agreement. The report is also provided for assurance and information.
<b>Amseru / Timing</b>	Routine
<b>Argymhelliad / Recommendation</b>	<p>The Board is asked to note and support the outline of the development work on governance arrangements that is planned for the coming quarter.</p> <p>The Board is also asked to approve additional wording for Llais's Standing Orders to enable the use of a common seal.</p>
<b>Risg / Risk</b>	As a public sector body, it is critically important for Llais to keep its governance and assurance arrangements under constant review. This ensures that it is operating in line with requirements and legal frameworks. It is also an important element in the organisation's end of year reporting and public disclosure statements.
<b>Cyllid / Finance</b>	There will be some financial implications of effectively implementing the identified governance reviews and further development work. However, this will be regularly assessed and evaluated and will be funded from existing budgets.
<b>Amcan cynllun blynyddol / Annual plan objective</b> <b>Amcan cynllun strategol/ Strategic plan objective</b> <b>Amcan cynllun 100 diwrnod / 100 day plan objective</b>	The proposed programme of governance review work and developments will enable and facilitate the achievement of the organisation's objectives in a regularised and open approach and seek to ensure that the Board and the organisation continues to develop and fulfil its roles efficiently, effectively and appropriately through good organisational governance.
<b>Cydraddoldeb, amrywiaeth a</b>	N/A

<b>chynhwysiant / Equity, diversity and inclusion</b>	
<b>Cyfathrebu / Communications</b>	Please tick one of the following boxes if this activity will have an impact on: <b>Internal:</b> our people <input checked="" type="checkbox"/> <b>External:</b> our customers/partners/stakeholders <input checked="" type="checkbox"/> <b>External:</b> our organisation's reputation <input checked="" type="checkbox"/>
<b>Cymeradwyaeth / Approval/Clearance</b>	This paper has been cleared by the Chief Executive.
<b>Trafodaethau neu penderfyniadau blaenorol / Previous discussions or decisions</b>	This work builds on the decisions taken by the Board and governance documentation adopted by the Board in development and establishment phases. It is important to undertake this work to review Llais's governance and assurance arrangements following the first full year of operation.
<b>Awdur Cyflwyno / Author/presenting</b>	Chief Executive and Interim Board Secretary
<b>Dyddiad / Date</b>	08-04-2024
<b>Cefndir / Background</b>	
<p>It is important that organisations keep their governance and assurance arrangements under constant review. This is particularly important for Llais to review and further develop its governance frameworks following the first full year of operation.</p> <p>Good governance can add value to the functioning and delivery of organisations and can be important enablers of change and development. The best boards continually question their own governance. By doing this, organisations can obtain and confirm a clear idea of their purpose and roles, and further understand that good governance is in everyone's interests. For Llais this can be demonstrated by giving good assurance to the people of Wales regarding its functioning in their interests.</p>	

Llais has recognised this from its establishment and has been committed to developing appropriate and proportionate governance frameworks. It has been recognised that good governance will enable Llais to build sustainable arrangements, enable appropriate delegation of authority and decision making at the right levels and offer a developmental framework to ensure Llais's meets its responsibilities as a public body.

As a result, Llais is committed to continue to develop its governance and assurance approaches and has commissioned and identified a range of review work. This will be taken forward in the coming months and will contribute to the organisation's end of year reporting and disclosure statements.

**External Review:** Firstly, the Chair and Chief Executive commissioned an external review of governance arrangements in Llais. The objectives of the review were to assess the current governance approach of the organisation against legislative requirements and identify the appropriate elements of a governance and assurance framework for a Welsh Government Sponsored Body.

This was done to ensure that Llais's governance arrangements were as robust as possible, but also that there were no gaps in the current approach. It was anticipated that it would also identify any areas of further development recognising that Llais was still an organisation in development. It was considered appropriate to review arrangements after a full year of operation.

Eversheds Sutherland provided a report to the Chair and Chief Executive at the end of March. This provided the following review documentation:

1. A Governance Map

2. Skeleton Forward Schedule for the Board and Committees
3. Proposed Matters Reserved for the Board
4. Proposed revised Terms of Reference for the Audit Risk and Assurance Committee
5. Proposed revised Terms of Reference for the Remuneration Committee.

There is also due to be a phase two of their work which will review the policy framework of the organisation and assess the policies inherited by the organisation and those new ones that have been developed since its establishment. This is to ensure they are all fit for purpose and meet all current legal and legislative requirements. This will enable the reframing of Llais' Policy on Policies and Procedures, which is its master policy and process, which guides the policy framework of the organisation.

In terms of the phase 1 products, the Chair, Chief Executive and the Interim Board Secretary have met to discuss the outputs of the review and agree a proposed way forward. Much of the work in response to the outputs of the review will also support existing and planned work of the organisation, as outlined in other papers on this agenda. These include areas such as the Board Effectiveness Review, Forward Work Programme, review work being undertaken by the Audit and Risk Assurance Committee and revision work led by Tîm Arwain of the Standing Financial Instructions, following the experience of their implementation and use over the first year.

It is proposed that the Chair and Chief Executive will lead an engagement session with the Board to specifically discuss the output of the review and agree next steps.

However, there are several key areas of work that are being taken forward in line with the strands of work identified above. These will benefit from the Eversheds Sutherland review outputs. The Board and committees will be further informed and engaged in this work in the coming weeks and months.

- **Review of Standing Orders:** The Interim Board Secretary will review the existing Standing Orders using the outputs of the review. Consideration will also be given to any changes or developments in the staffing structure and roles within the organisation to ensure these are reflected. This will be completed during April 2024 and engagement will then take place with the Audit and Risk Assurance Committee and the Board.

- **Standing Financial Instructions:** The organisation is keeping under review its Standing Financial Instructions and some changes and revisions have already been proposed. This work is being led by the Financial Governance Adviser. These have been identified to enable better functioning at operational levels. The proposals and any further proposals, as required, will be discussed with the Audit and Risk Assurance Committee and submitted to the Audit and Risk Assurance Committee for endorsement in June 2024, prior to seeking Board approval.
- **Review of the Scheme of Delegation and Schedule of Matters Reserved for Board Approval:** Work in this area has been ongoing but will be taken forward based on the review outputs. This is a wider piece of work, which the Interim Board Secretary and Financial Governance Adviser will take forward in partnership for consideration by the Audit and Risk Assurance Committee in June 2024 and which will also require Board approval.
- **Development of a Board Governance and Assurance Framework:** The Interim Board Secretary will lead work to further develop the organisation's governance and assurance arrangements. The governance map provided through the review will be used to guide this work. Llais has had initial arrangements in place, but these now need to be built upon and clearly identify for the Board, sources of assurance, how these align with the stated objectives of the organisation and identify the risks to non-achievement of these objectives.

It is important that the Board plays an integral part in this work. Therefore, during April and May, the Interim Board Secretary will engage with Board Members and particularly the members of the Audit and Risk Assurance Committee to develop the new Governance and Assurance framework. This timeline has been identified to enable endorsement of the proposed Framework to be received by the Audit and Risk Assurance Committee in June 2024 in readiness for approval by the Board.

- **Review of the Risk Management Strategy, Policy and Risk Framework:** Linked closely to the development work on the Governance and Assurance Framework, review activity needs to be undertaken on the risk approach of the organisation. This will ensure that it aligns appropriately with the new Governance and Assurance Framework, but that it is also adjusted to reflect the first year of operation.

It is recognised that further work is required in reporting at Tîm Arwain, Committee and Board levels and a basket of new risk reports will be developed to enable appropriate reporting at all levels and to facilitate engagement and scrutiny at committee and Board levels. Risk flow diagrams will also be developed to assist with escalation, de-escalation and treatment/mitigation of risks. This work will be undertaken in parallel with the development of the Governance and Assurance Framework and will run to the same timeline, as provided above.

- **Committees of the Board:** Currently the Board has two formal committees; the Audit and Risk Assurance Committee and the Remuneration and Terms of Service Committee. The review provided proposed amended Terms of Reference for these committees. These will be considered in line with the above work and any revisions to the committee terms of reference will be proposed and brought forward to each committee for consideration prior to seeking approval at the Board.

The Board will keep under review the framework of committees and assess whether or not additional committees are required to be established or that additions/revisions need to be made to the scope of any of the existing committees. Revised terms of reference of the committees will be considered at their next meetings in readiness for approval by the Board.

- **Forward Work Programme for the Board:** Work in this area has already been considered by the Board at the end of March and a new Forward Work Plan for the Board has been considered and is submitted to the Board at this meeting for approval.

It is recognised that the above is a substantial programme of work. However, it is considered that it is important to get the governance structures and processes right and fit for purpose. This will enable the organisation to function with confidence, but also to use these as the platform to enable the organisation to appropriately focus on its key responsibilities on behalf of the people of Wales.

However, this review work is not a one-off activity. Following the comprehensive review work the governance and assurance arrangements will be kept under continuous review via routine arrangements and reporting and will be continually assessed and advised on by the organisation's internal and external auditors.

Appropriate adjustments will be made going forward based on the assessments of our internal and external auditors. The Board and its committees will also continue to dynamically assess their effectiveness but will also undertake formal annual review work to support Llais's end of year reporting and disclosure statements.

**Use of the Common Seal:** When Llais was established a common seal was not acquired for the organisation. However, the use of a common seal is now required to agree a lease for one of the Regional Offices. Therefore, a common seal has been ordered for the organisation and an approach for the use and reporting of the common seal is required. Attached is the proposed wording that outlines a sealing procedure, which when approved will be added to Llais's Standing Orders.

### Recommendation

The Board is asked to agree the proposed areas of work and timelines, as outlined above.

The Chair, Chief Executive and Interim Board Secretary will keep the programme of work under constant review and any material changes or further proposals will be agreed with the Board.