

Wiltshire Council

Audit and Governance Committee

25 July 2023

Subject: Annual Governance Statement 2022/23

Executive Summary

The Annual Governance Statement for Wiltshire Council should demonstrate how the Council is meeting the principles of good governance adopted in its Code of Corporate Governance. A statement has been prepared based on the local code of corporate governance adopted by full council as part of the Constitution. The statement has been shared with external auditors for comment and will be updated to reflect the discussion at the committee ahead of its final agreement as part of the Annual Accounts.

Proposal(s)

The Audit and Governance Committee is asked to consider the draft Annual Governance Statement for 2022/23 at Appendix 1.

Reason for Proposal

The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2022/23. This will be signed by the Leader of the Council and the Chief Executive after final approval by the Audit and Governance Committee. The AGS will form part of the Annual Statement of Accounts for 2022/23.

Perry Holmes

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Wiltshire Council

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Subject: Annual Governance Statement 2022/23

Purpose of Report

1. To consider the Annual Governance Statement for 2022/23.

Background

2. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2022/23. This will be signed by the Leader of the Council and the Chief Executive after final approval by the Audit and Governance Committee. The AGS will form part of the Annual Statement of Accounts for 2022/23.
3. The format of the AGS follows advice from the Chartered Institute of Public Finance and Accountancy (CIPFA), with an onus on making it focused and readable. This is also the format of the [Local Code of Corporate Governance](#) that full council adopted as part of the Constitution on 9 July 2019.
4. The AGS for Wiltshire Council should demonstrate how the Council is meeting the principles of good governance adopted in its Code of Corporate Governance. These principles aim to ensure the Council is:
 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - Ensuring openness and comprehensive stakeholder engagement.
 - Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - Determining the interventions necessary to optimise the achievement of intended outcomes.
 - Developing capacity, including the capacity of the Council's leadership and the individuals within it.
 - Managing risks and performance through robust internal controls and strong public financial management.
 - Implementing good practices in transparency, reporting and audit to deliver accountability.

5. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2022/23, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts. The AGS should outline the actions taken or proposed to address any significant governance issues identified.
6. The AGS is drafted by senior officers who have lead roles in corporate governance. The evidence for the AGS comes from a variety of sources, including service plans, relevant lead officers within the organisation, internal and external auditors and inspection agencies. The government has recently issued [draft statutory guidance](#) on the Best Value duty which notes that in a well-functioning council '*The Annual Governance Statement, prepared in accordance with the CIPFA/ SOLACE Good Governance Framework, is the culmination of a meaningful review designed to stress-test both the governance framework and the health of the control environment.*' The senior officers meet regularly to deliver this meaningful review through the AGS.
7. In last year's Annual Governance Statement the Council identified a number of areas where further improvements could be made to strengthen its governance framework. Update reports have been provided to the Audit and Governance Committee and where appropriate have been rolled forward into the AGS for 2022/23. Here is the latest update:

Summary of improvements suggested in 2021/22

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

AGS improvement actions	Current Status	
<p><i>Review commissioning and procurement approaches to embed industry standard contract management as part of staff job descriptions; deliver policy and training to embed social value across the council; and strengthen our approach to partnership working with the VCS through business planning processes and a refresh of the Compact/ VCS Strategy.</i></p>	<p>An end-to-end review of processes across procurement has been undertaken, and a refreshed process has been devised (involving colleagues from Legal and SWAP Audit). Commercial Board has been relaunched in line with this. A restructure of the Commercial & Procurement team has been undertaken, all job descriptions have been revised and recruitment is underway. An improvement plan is in place.</p> <p>Update: End to End process and functional governance steps have now been introduced. They will be reviewed in the New Year to ensure that they are working well.</p> <p>A new set of Terms of Reference for the Commercial Board are in development and will be relaunched in the autumn.</p> <p>A contract management and Social Value have been developed and are in the final stages of testing.</p>	<p>AB DB</p>

Rollout a Good Conduct Campaign for local councils, including a toolkit, webinar and Good Conduct chart.	Completed. Further webinars being considered for the future.	PH MD
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Principle B - Ensuring openness and comprehensive stakeholder engagement

AGS improvement actions	Current Status	
Review commissioning and procurement approaches to embed industry standard contract management as part of staff job descriptions; deliver policy and training to embed social value across the council; and strengthen our approach to partnership working with the VCS through business planning processes and a refresh of the Compact/ VCS Strategy.	See above for review of end-to-end process. A Socially Responsible Procurement Policy and associated action plan has been agreed by Cabinet in November 2022, the action plan includes a specific intent to engage with the voluntary sector and community of Wiltshire as part of a mixed economy approach to the procurement of goods, works and services going forward. A Social Responsibility Toolkit to support both suppliers and commissioners to maximise the delivery of social value has been developed. A new partnership arrangement is being developed with the VCS, taking into account and superseding the Wiltshire Compact and the previous VCS strategy. Early discussion with the sector and WC Officers is underway.	AB DR DB RS

Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits

AGS improvement actions	Current Status	
Regularly report on delivery against outcomes defined in the new Business Plan, including our commercial approach	A new corporate performance framework has been agreed as part of the publication of the new Business Plan. Through, aligned quarterly reporting of performance and risk at cabinet this continues to be refined through engagement with the relevant services, including through the annual service planning cycle.	MN

Principle D - Determining the interventions necessary to optimise the achievement of intended outcomes

AGS improvement actions	Current Status	
Finalise the governance review of Stone Circle company and shareholding arrangements	All of the recommendations from the September 2021 review of Stone Circle have now been implemented. The peer challenge report noted that <i>'the council has impressive organisational governance providing good levels of rigour and consistency in corporate decision-making, there is clarity around roles and responsibilities, and member/officer relationships are strong and productive. This extends to the Stone Circle wholly owned company where governance improvements now appropriately balance risk and benefit.'</i>	AB PH

Principle E - Developing capacity, including the capability of the Council's leadership and the individuals within it

AGS improvement actions	Current Status	
<i>Rollout training and awareness on decision making processes</i>	Guidance on the council's decision-making processes has been developed and is available on the corporate intranet. Directors and Heads of Service have been briefed. Further guidance on officer decisions is in development and corporate training will follow. A corporate system for recording and, where appropriate, publishing executive officer decisions is now being trialled.	PH MD
<i>Continue to work with partners to complete a multi-agency evaluation of the response to the pandemic</i>	The LRF held a set of multi-agency debrief interviews and workshops sessions throughout June 2022 and the feedback from these has been reviewed. In addition, the public health team have run a series of response debrief/look back sessions for the specific responsibilities around testing, tracing, outbreak management, prisons, care homes, schools and communications to inform our own internal evaluation and ongoing planning. We will continue to support the public inquiry as appropriate with partners.	PH KB MN EP

Principle F – Managing risks and performance through robust internal controls and strong public financial management

AGS improvement actions	Current Status	
<i>Review how performance can be communicated to the public to deliver maximum openness and transparency</i>	A new approach to communication of performance as well as publishing open data will be developed and delivered as part of the BI Development programme and SAP Evolve project. Incorporation of appropriate resident engagement is being considered as part of the regular service planning approach.	PH MN SH

Principle G - Implementing good practices in transparency, reporting and audit to deliver accountability

AGS improvement actions	Current Status	
<i>Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved</i>	An outcome-based process has been developed ensuring directorate level service plans link clearly with Business Plan principles. A new portfolio management approach which includes organisational level prioritisation and governance arrangements is being implemented to align corporate programmes and transformation activities with the new Business Plan and ensure benefits realisation.	AB SH MN

<p><i>Review the Complaints Procedure alongside arrangements to report trends and learning</i></p>	<p>A new, more user-friendly corporate Complaints Procedure was agreed by Full Council in October 2022.</p> <p>An Annual Complaints Report 2021-22 was received by Standards Committee in September 2022. This provided a comprehensive picture of the complaints received, how they were processed and the actions in place to address any issues identified.</p> <p>A new complaints casework IT platform is now being developed internally and will support improved reporting of trends and learning.</p>	<p>PH MD</p>
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Initials

AB: Andy Brown, Corporate Director, Resources

PH: Perry Holmes, Director, Legal and Electoral Services

TK: Tamsin Kielb, Director, HR and OD

DR: David Redfern, Assistant Director, Leisure, Communities and Culture

KB: Kate Blackburn, Director, Public Health

SH: Stuart Honeyball, Director, Transformation

DB: Deborah Bull, Procurement

RS: Rhys Schell, Strategic Engagement and Partnerships

MN: Martin Nicholls, Executive Office

MD: Maria Doherty, Democracy

EP: Emergency Planning

Main Consideration for the Council AGS - Content

8. An AGS for 2022/23 is attached at Appendix 1. This will be updated further in the light of the observations of external audit (Deloitte) as part of the annual accounts. The Council's internal auditors, SWAP, have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2022/23.

9. The final sections of the AGS require the Council to identify any significant internal control issues affecting the Council during the relevant period. CIPFA guidance suggests that an internal control issue is to be regarded as significant if:
 - the issue has seriously prejudiced or prevented achievement of a principal objective;
 - the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
 - the issue has led to a material impact on the accounts;
 - the audit committee, or equivalent, has advised that it should be considered significant for this purpose;
 - the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;

- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

10. The Annual Governance Statement includes two statements from the Monitoring Officer as follows:

“During 2022/23 I have held regular meetings with the Director of Children’s Services in her statutory role. In those meetings I have been informed that two decisions have been made to home children in unregistered placements. Unregistered provision is when a child who is being provided with some form of ‘care’ is living somewhere that is not registered with Ofsted. Together we have developed an escalation and assurance process that clearly shows an audit trail of all options considered by the DCS and her team and consultation with Ofsted and other key internal and external stakeholders. Strong controls are in place to mitigate any risks. The latest position is that the provider delivering the care has applied to Ofsted to become registered. However, as these are examples of unlawful decisions I am reporting them as part of the Annual Governance Statement. I have chosen not to report these in any other forum, as part of my statutory duty, because the circumstances (the unavailability of any other suitable registered accommodation and the fact that the decisions are made by the DCS personally) would not allow any other body, such as Cabinet, to prevent these decisions being taken.”

“I have considered the non-completion of accounts this year by our external auditor. The Council has a legal duty to make the available documentation which supports their audited accounts during the first 10 working days of June each year (Accounts and Audit Regulations 2015). We have been unable to facilitate that this year. This is an historic issue. Once draft accounts for years 2020/21, 2021/22 and 2022/3 are issued in draft the Council will mimic the statutory 10 working day period and provide public access for the relevant documentation. A note has been added to our website making the position clear to residents. However, as this is an example of an unlawful decision, I am reporting that as part of the Annual Governance Statement. I have chosen not to report this in any other forum, as part of my statutory duty, because the circumstances (non-completion of the accounts partly as a result of the actions of our external auditors), would not allow, any other body, such as full Council, to prevent this decision being taken”

11. The following areas for improvement have been identified at this stage:

- Review contract management approaches to embed standard contract management activity; deliver policy and training to embed the Socially Responsible Procurement Policy across the Council; and strengthen our approach to working with SMEs and VCS.
- Continue activities to embed all of the elements in Our Identity across the organisation.
- Develop a renewed framework for working with the Voluntary and Community Sector
- Implement a council-wide system for publishing officer decisions in line with

- the Openness of Local Government Bodies Regulations 2014
 - Review the role and function of Area Boards so that they add maximum value to our place shaping ambitions.
 - Develop a more clearly articulated strategic narrative of place, using the Local Plan as key spatial narrative.
 - Create a county-wide strategic partnership board to oversee the Economic Strategy for Wiltshire
 - Focus on wider external partnership opportunities that will help take Wiltshire forward
 - Regularly report on delivery against outcomes defined in the new Business Plan, alongside financial information
 - Consider how developing a comprehensive Asset Management and Capital Investment Strategy could support future transformation and place shaping ambitions and inform future budget decisions.
 - Continue to ensure the approach to transformation is embedded and understood across the council.
 - Rollout training and awareness on decision making processes
 - Measure the impact of the leadership and development programme and other interventions on retention and promotion.
 - Review the corporate assurance framework for performance, risk and service delivery
 - Build on the collaborative approach to budget setting, aligning organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes to be achieved
 - Review how performance can be communicated to the public to deliver maximum openness and transparency, including financial information as part of this.
 - Assess progress in delivery against the revised statutory guidance on the Best Value duty
12. The Council's external auditors, Deloitte LLP, have been asked for their comments on the draft AGS and these will be reflected in the final draft. The Council continues to work with the **External Auditor** on all aspects of the outstanding Accounts and Audit processes to draw these to conclusion as effectively and efficiently as possible and is considering the options for this. This work will include the final accounts for 2019/20 and the draft and final accounts for the 3 subsequent years and will also include the clearing of the current 'except for' qualification on the balances on the Fixed Asset disclosures pertaining to the Revaluation Reserve and the Capital Adjustment Account. Details of the conclusion and opinion can be found in the auditor's ISA 260 reports.
13. The statistics on complaints highlighted in yellow in the draft AGS will be updated once the annual letter from the Local Government Ombudsman has been received.

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Appendices

Appendix 1 Wiltshire Council's Annual Governance Statement 2022/23