Wiltshire Council

Cabinet

20 June 2017

Subject: Draft Annual Governance Statement 2016/17

Cabinet member: Councillor Phillip Whitehead, Finance and IT

Key Decision: No

Purpose of Report

1.   To ask Cabinet to consider a draft Annual Governance Statement for 2016/17 for comment before final approval is sought from the Audit Committee on 26 July 2016.

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 2016/17. This will be signed by the Leader of the Council and the Corporate Directors after final approval by the Audit Committee on 26 July 2017. The AGS will form part of the Annual Statement of Accounts for 2016/17.

3.   The format of the 2016/17 AGS has changed from previous years after advice from the Chartered Institute of Public Finance and Accountancy (CIPFA), with a focus to make it more readable and focused.

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 representing the rule of law.
   •   Ensuring openness, transparency and comprehensive stakeholder engagement – delivering accountability
   •   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.

5. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2016/17, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts in July 2016. 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.

Main Consideration for the Council Draft AGS - Content

7. Work on the draft AGS 2016/17 is in progress. A copy of the latest draft is attached at Appendix 1. The draft will be revised in the light of any observations of Cabinet and Audit Committee, as well as external audit (KPMG).

8. The Council's internal auditors have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2016/17.

9. The final section of the draft AGS requires 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. At this stage it is proposed to include the following governance issues as areas for improvement:

    •   Changes to the appraisal system that identify specific targets for completion for individuals linked to the council's Business Plan through service and team plans. Such a system will be able to provide a link to the

work being done to achieve stated aims and a corporate level understanding of progress against the desired outcomes.

- Revisions will be made to the Council's Behaviours Framework that will build on the lessons learnt in the last four years.

- Further training for elected members to improve understanding of the need for efficient and effective decision making, promoting, openness and transparency

- There will be a review of the inter-relationship between key polices to improve clarity and consistency of processes including: Anti-Fraud and Corruption, Whistle Blowing, and some staff policies, such as Registering interests, gifts and hospitality.

- How the Council collects general feedback from individuals and communities to assess improvements in approach.

- Reporting of finance and performance management, will be combined with a key focus on links between the use of resources and the outcomes being achieved.

11. The governance of the Council will continue to be monitored by Cabinet, other councillor committees and the Council's Corporate Leadership Team. That will include the areas to address identified above.

12. The Council's external auditors, KPMG LLP, have been consulted on the draft AGS and their comments will be reflected in the final draft to be presented to Audit Committee 26 July 2017.

Safeguarding Implications

13. Safeguarding issues have been highlighted in Section E of the draft AGS.

Public Health Implications

14. There are no public health implications arising directly from this report.

Environmental and Climate Change Considerations

15. There are no environmental or climate change considerations arising directly from this report.

Equalities Impact of the Proposal

16. There is no equalities impact arising from this report.

Risk Assessment

17.   Ongoing review of the effectiveness of the Council's governance arrangements is an important part of the Council's risk management strategy.

Financial Implications

18.   There are no financial implications arising directly from the issues covered in this report

Legal Implications

19.   The production of the AGS is a statutory requirement.

Proposal

20.   Cabinet is, therefore, asked:

  a.   to consider the draft AGS as set out in Appendix 1 and make any comments or changes as they see fit;

  b.   to note that the draft AGS will be revised in the light of any comments by Cabinet before final approval by the Audit Committee and publication with the Statement of Accounts at the end of July 2016.

Reason for Proposal

21.   To prepare the AGS 2016/17 for publication in accordance with the requirements of the Audit and Accounts Regulations.

Ian Gibbons
Associate Director Legal and Governance and Monitoring Officer

Michael Hudson
Associate Director, Finance

Robin Townsend
Associate Director, Corporate Function, Procurement and Programme Office

Report Authors: Ian Gibbons, Robin Townsend and Michael Hudson, ian.gibbons@wiltshire.gov.uk, robin.townsend@wiltshire.gov.uk and michael.hudson@wiltshire.gov.uk

12 June 2017

Background Papers
The following unpublished documents have been relied on in the preparation of this report: None

Appendices
Appendix 1 Wiltshire Council's Annual Governance Statement 2016/17

Wiltshire Council's Annual Governance Statement 2016/17

1   Introduction

1.1   Wiltshire Council is a local authority that is responsible for providing services to nearly half a million residents, tens of thousands of varied businesses and over a million visitors per year. It secures funding from national government, local taxation and charges. So as a public body it needs to have a strong governance framework that ensures that its business is conducted to the highest standards, ensuring:

- resources are directed in accordance with agreed policy and according to priorities;

- there is sound and inclusive decision making, conducted in accordance with the law and proper standards;

- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities; and

- public money is safeguarded and properly accounted for, and continuous improvement in the way in which its functions are exercised is secured, having regard to economy, efficiency and effectiveness.

1.2   Ensuring good governance fits with the principles of the Council's current Business Plan which states that the Council will:

- be an efficient provider of good value for money services

- develop new relationships between public services and communities including making it possible for everyone to engage with public service and their community.

- design services with the input from residents and communities.

- ensure services will be joined up and easy to access.

- make sure that Wiltshire will have outstanding leaders and managers.

1.3   Elected members are collectively responsible for the governance of the Council. The full Council's responsibilities include:

- agreeing the Council's constitution, comprising the key governance documents, including the executive arrangements, and making any necessary changes to ensure that the Constitution remains fit for purpose and reflects legislation and best practice.

- agreeing the budget and policy framework, including key strategies

- appointing the head of paid service

- appointing members to committees responsible for overview and scrutiny functions, audit, standards and regulatory matters.

1.4 The Council operates a leader and cabinet executive model in accordance with the Localism Act 2011. Under these arrangements the Cabinet carries out all of the Council's functions which are not the responsibility of any other part of the Council. Cabinet meets monthly and its decisions in 2016/17 can be found at the following [Link].

1.5 The cabinet is held to account by overview and scrutiny committees whose function is to review and/ or scrutinise decisions made or actions taken in connection with the discharge of the Council's functions and assist with policy development.

1.6 The political structure of the Council is shown below:
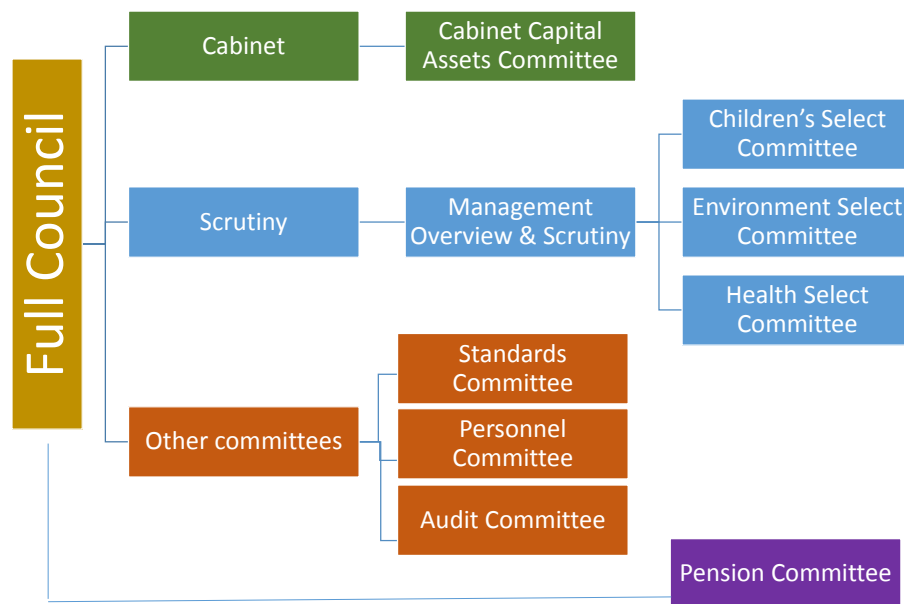
1.7 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which the Council accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

1.8 The assurance framework and the system of internal controls are significant parts of that framework. They are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The assurance framework and the system of internal controls are based on an ongoing process that is designed to:

    a. identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;

    b. evaluate the likelihood of those risks being realised;

    c. assess the impact of the risks if they are realised;

    d. manage the risks efficiently, effectively and economically.

1.9 The assurance framework also provides a mechanism for monitoring and implementing a system of continuous governance improvement. The governance framework has been in place at the Council for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts for 2016/17.

1.10 As part of ensuring the highest standards are set and maintained the Council regularly reviews its governance arrangements. This statement reflects how Wiltshire Council has met those standards in 2016/17 and ongoing actions it is taking to maintain and improve its governance arrangements. Evidence of how we have assessed ourselves in line with good practice set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its publication 'Delivering good governance', has been grouped into six sections:

    1. Behaving with integrity, demonstrating strong commitment to ethical values, and representing the rule of law.

    2. Ensuring openness, transparency and comprehensive stakeholder engagement – delivering accountability

    3. Defining outcomes in terms of sustainable economic, social and environmental benefits

    4. Determining the interventions necessary to optimise the achievement of intended outcomes

    5. Developing capacity, including the capacity of the Council's leadership and the individuals within it

    6. Managing risks and performance through robust internal controls and strong public financial management.

1.11   The following sections set out how Wiltshire Council delivers good
        governance, how it performed in that role in 2016/17 and what it is doing to
        continually improve its arrangements.

**2.   Behaving with integrity, demonstrating strong commitment to ethical
        values, and representing the rule of law.**

2.1   The Council's Constitution (**Link**) provides the framework within which the
        Council operates. It sets out how decisions are made and the procedures
        which must be followed to ensure that these are efficient, effective, transparent
        and accountable. The Constitution is reviewed on an ongoing basis. In
        2016/17 there were specific reviews of Financial Regulations, Procurement
        Rules, Council procedure rules and public participation at meetings of the
        Council. These were assessed by the Standards Committee and approved by
        Full Council (**Link**). This practice ensures that the Constitution remains fit for
        purpose and is updated for national and local changes in circumstances.

2.2   The Constitution includes at Part 13 the Members' Code of Conduct, which
        makes clear the obligation of elected members in promoting and maintaining
        high standards of conduct and ensuring the principles of public life
        (selflessness, integrity, objectivity, accountability, openness, honesty and
        leadership) are adhered to. Pecuniary and non-pecuniary interests are
        registered and published on the web site in accordance with the requirements
        of the Code of Conduct and the underlying legislation. There is a process for
        dealing with complaints under the code of conduct for unitary, parish, town and
        city councillors in Wiltshire. This process and its application is set by the
        Council and reviewed regularly by the Council's Standards Committee.
        Minutes from the meetings of this Committee can be found at the following
        Link.

2.3   The Council has a policy and register of interests, gifts and hospitality for staff
        (**Link**). This is also reviewed regularly by the Council's Monitoring Officer. The
        registers are available for public scrutiny (**Link**).

2.4   There is a strong culture operating in the Council of acting to the highest
        standards. This is rooted in the behaviours expected of councillors and staff,
        and upheld by the senior leaders. Where any resident feels the Council has
        not acted properly the Council has a corporate complaints procedure (**Link**). If
        residents are not satisfied with the response to their complaint they may
        complain to the Local Government Ombudsman.

2.5   The Council publishes and promotes both a code of conduct for its staff and a behaviours Framework that details what is expected of all employees. The behaviours framework forms a key part of the appraisal system to promote ethical awareness amongst the Council's staff. A staff survey undertaken during 2016-17 has identified that the Council needs to give further priority to ensuring that all staff have appraisals.

2.6   The Council has provided a comprehensive induction programme for newly elected councillors in May 2017, including training on the decision making framework, standards of conduct, safeguarding, overview and scrutiny and the discharge regulatory functions. Further training will be provided on an ongoing basis as the Council operates a protocol for Councillor-Officer Relations to ensure the respective roles of councillors and officers are fully understood. Joint communications are used (The Wire and Elected Wire) to ensure that officers and councillors have the same understanding of projects, plans and issues. These measures ensure that elected members have every opportunity to use their expertise.

2.7   The Council has established recruitment policies to ensure that appointments to the Council are fair and ethical and meet the requirements of equalities legislation takes account of the need to ensure diversity. Any applicant who has identified themselves as disabled and who meets the essential requirements of the person specification will be automatically shortlisted. This 'double tick' policy is part of the Council's wider Equality and Diversity Policy that ensures all appropriate decisions are taken with issues of equalities in mind.

2.8   Ethical considerations are also evident in the Council's Procurement Strategy (**Link**) where Social Value is a key feature. The Strategy describes a voluntary charter for suppliers asking for a commitment to local employment, skills, training and environmental issues. [Procuring Social Value Tool Kit]

2.9   The Council operates an Anti-Fraud and Corruption Policy (**Link**) which operates as part of the governance framework to ensure the Council operates within the law. During 2016/17 a number of allegations of fraud were reported, investigated and 100% of those taken to court were successful prosecuted. During 2016/17 the Corporate Fraud Team was disbanded and responsibilities divided between a number of teams, with Internal Audit taking on a greater role.

2.10   The Council is reviewing its policies on Anti-Fraud and Corruption, Whistleblowing, Complaints and other Human Resources Policies to ensure that these are clear to staff and work effectively together

2.11   The Council has appointed independent external auditors (KPMG LLP) and the South West Audit Partnership Limited (SWAP) who provide an internal audit function. KPMG's and SWAP's Annual reports and interim reports were considered during 2016/17 by the Council's Audit Committee (**Link**). No significant governance issues were raised.

2.12   The Council appoints an Independent Remuneration Panel when required to advise and make   recommendations to the Council on the setting of member allowances in accordance with the Local Authorities (Member Allowances) (England) Regulations 2003.

2.13   The Council is responsible for a number of partnerships, including:

- the Health and Well-being Board (**Link**), a committee of the council with a strategic leadership role in promoting integrated working between the council and the NHS;

- the Wiltshire Police and Crime Panel (**Link**) reviews and scrutinises decisions of the Police and Crime Commissioner. The Panel is a joint committee with Swindon Borough Council.

- The Council is the lead Authority for the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) (**Link**) The he governance and assurance frameworks underpinning the SWLEP were reviewed during 2016-17 by officers, internal Audit and DCLG and updated to reflect further guidance from central Government. The governance arrangements were found to be operating effectively and were commended by DCLG.

2.14   The Council is the Administrator for the Wiltshire Pension Fund, and the Pension Committee (**Link**) exercises its responsibilities in relation to investment management where it sets investment policy and appoints and monitors external investment managers.

3.   Ensuring Openness, Transparency and Comprehensive Stakeholder Engagement – delivering Accountability

3.1   The Constitution sets out the legal and constitutional framework for good decision making, including the principles of decision making, schemes of delegation, recording of decisions and access to information relating to decisions. All Council, Cabinet and Committee report templates include a section on legal and financial considerations. These can be seen in all decisions made.

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3.3 The Council publishes a Forward Work Plan once a month giving details of all matters anticipated to be considered by the Cabinet over the following 4 months, including items which constitute a key decision.

3.4 The Council has established 18 area committees known as Area Boards. Each area board exercises local decision making under powers delegated by the Leader.

3.5 The Council's overview and scrutiny arrangements consist of an Overview and Scrutiny Management Committee supported by 3 select committees:

- Health (including the NHS, public health and adult social care)
- Environment (including highways, waste and transportation)
- Children (including education, vulnerable children, youth services and early years)

3.6 The management committee co-ordinates the work of the select committees and also covers internal services such as finance, performance, staffing and business planning. Most overview and scrutiny work is done by small groups of elected members who meet to review single issues in detail. Interested parties are often invited to contribute to this work. The group then produces a report presenting their findings and recommendations to the cabinet and others as necessary on how the issue or service could be improved. During 2016/17 59% of Cabinet decisions received Overview and Scrutiny input

3.7 Rapid scrutiny exercises provide the opportunity to be able to react more readily to issues as they emerge**.**

3.8 Scrutiny member representatives can also be appointed to boards of major projects to provide challenge. Partners and contractors also contribute to the scrutiny process.

3.9 These arrangements serve to hold the Cabinet, its Committees, individual Cabinet Members and officers to public account for their executive policies, decisions and actions and serves to make sure that decisions are taken based on sound evidence and are in the best interests of the people of Wiltshire.

3.10 In 2016/17 Scrutiny Committees consider a wide range of subjects and produced an Annual Report to the Overview and Select Management Committee on its work (**Link**). In addition the Council carried out several public consultation whose feedback was reported to Cabinet as part of informing their decision making, including:

- Local Bus routes (**Link**)
- Council Tax Reduction Scheme (**Link**)

3.11 The Council consults appropriately in line with its consultation policy [**Link**] and legal requirements in order to inform its decision making. Consultation also takes place with the Council's partners in particular partnerships such as the Health and Wellbeing Board (**Link**), Wiltshire Assembly (**Link**) and the Swindon and Wiltshire Local Enterprise Partnership (**Link**)) to enable more effective partnership communication and consultation.

3.12 There has been no resident's survey undertaken in Wiltshire for a number of years. The Council is aware a number of other local authorities and partners undertake such an exercise, and it will consider the need and format going forward as part of its assessment of its governance arrangements in 2017/18.

3.13 The Council makes available a range of important information on its website including its strategic aims and ambitions in its published Business Plan (**Link**). Further information is available on request and through the council's arrangements for dealing with requests under Freedom of Information legislation. In 2016/17 there were 1532 FOI requests, with 87.5% being responded to within the statutory deadline.

4. Defining Outcomes in terms of Sustainable Economic, Social and Environmental Benefits

4.1 Wiltshire Council has operated a four year planning cycle in line with its electoral cycle, as such 2016/17 was the final year of the Council's Business Plan (**Link**). However, the Council is in the process of consulting on its draft Business Plan for 2017 – 2027. It continues to build on and extend the vision, goals and achievements from the previous business plans and has been prepared to reflect both the significant external challenges and changes that the council will have over the coming years as well as the changes to the way the council will have to operate to manage these challenges.

4.2 Part of the building of communities involves capital developments of buildings, highways and other such infrastructure. The Council sets out a four year

Capital Programme (**Link**) tied into its Business Plan. During 2016/17 well-being centres were completed at Five Rivers in Salisbury and Tisbury, as well as hub sites in Marlborough and Calne. This strategy is aimed at bringing communities together in one location to enable them to connect, seek services and take on more responsibility. In addition, the Council signed an agreement with Salisbury City Council to devolve certain assets in return for them taking over key services. This strategy is seen as a key strand of the future delivery of the Council's business. The Council's decision making framework has ensured that all of these decisions are reported through either Cabinet or the Cabinet Capital Assets Committee (**Link**).

4.3   The Council's directorates and services plan their activity around these outcomes and review those plans on an annual basis. The performance against the Business Plan is reported every quarter to Cabinet and the final outturn for 2016/17 is on the same agenda as the Annual Governance Statement (**Link**).

4.4   The actions arising from the Business and Service Plans must all comply with key procedures, including following the Council's procedures on project management (**Link**); procurement (**Link**); consultation (**Link**) and risk management (**Link**). Regular reports are taken to senior management and councillors via the Corporate Leadership Team (CLT) and appropriate regular councillor meetings, for example Audit Committee.

4.5   Wiltshire communities are engaged with the delivery of the long-term aims of the Council through Local Area Boards. These Boards prioritise the Council's ambitions within local areas and help direct resources. The reach of the Local Area Boards extends beyond the physical meetings through the work of Community Engagement Managers and the virtual network *Our Community Matters*. In 2016/17 there were 113 Area Board meetings, and all minutes and actions form these meetings are publically available (**Link**). Area Boards have been essential in delivering improvements in youth development (**Link**), health initiatives such as rights of way and walk to school (**Link**). The Council has also started initiatives such as the Legacy programme and the Big Pledge (**Link**) to improve the connectivity and health of its communities. More decision making and funding is now devolved at local area level. In addition to the funding grants and Highways (CATG) and youth activities, there is also funding for older people's champions and health and wellbeing projects

4.6   The Council receives reports on the combined economic, social and environmental impacts of its policies in the form of various reports including the Joint Strategic Needs Assessment (JSNA) (**Link**), and the Annual Statement of Accounts (**Link**), as well as regular performance and financial updates to Cabinet (**Link**).

4.7   A key issue to address as part of the 2015/16 Annual Governance Statement was to continue to have a relentless focus on safeguarding improvement in Children's Services. An internal Improvement Board chaired by a Corporate Director in her statutory role of Director of Children's Services (DCS) has continued to be in place during 2016/17 (Link). In 2016 the LA and partner agencies were subject to a Joint Targeted Area Inspection focussing on Domestic Abuse and the judgement on the LA by OFSTED on the delivery of Safeguarding was very positive. The LA continues to engage in annual peer reviews through its membership of the South West ADCS and safeguarding maintains a high profile with a continuous drive to improve services, utilising improvement plans and a robust Quality Assurance Framework.

5.   Determining the Interventions necessary to optimise the achievement of intended outcomes

5.1   In 2016/17 the Council refreshed its Medium Term Financial Plan as part of a four year financial settlement with the Department for Communities and Local Government (DCLG) (**Link**). As part of that and in setting the 2016/17 budget the Council has several key Programmes of activity it is managing to improve the outcomes of its residents, these have included the Campus Programme, with Five Rivers, Tisbury, Calne and Malmesbury all opening in 2016/17. The Campus programme has been the subject of various reports and programme management updates during 2016/17, and its financial progress reported to the Cabinet Capital Assets Committee (**Link**).

5.2   Oversight of corporate projects is undertaken by the Corporate Leadership team, supported with advice from Finance, Legal HR and Procurement Teams. The Corporate Directorate includes the Programme Office which manages projects and programmes on behalf of the Council and provides reports to the Council on ongoing work. During 2016/17 the majority of projects were delivered or progressed according to schedule. Monthly reports were provided to CLT with appropriate actions taken.

5.3   As part of the financial settlement for 2017/18 additional Adult Social Care grant was awarded. As such a Programme of works was established in 2016/17 with a project plan to deliver transformational change in social and health care within Wiltshire. Health partners are actively engaged in this Programme through the Health and Well Being Board (**Link**).

5.4   Regular Performance and financial updates are reported to senior officers and councillors, including scrutiny through the Finance and Performance Task

Group which is a task group established by the Overview and Scrutiny Management Committee(**Link**).

6. Developing capacity, including the capacity of the Council's leadership and the individuals within it

6.1 In order to deliver the council's priorities within a strong governance framework the Council requires a workforce that is appropriately skilled and qualified. Because of the shifting requirements of local government and the changing demands put on the Council it's essential that the capacity of the Council's workforce is reviewed and updated.

6.2 The Council takes an organisation wide approach to staff improvement and has, in the last year, updated its People Strategy (**Link**). The new strategy focuses on attracting the best people to work for the Council and engaging, developing and retaining existing staff.

6.3 The Council looks for good practice from other areas and other authorities in order to help improve its leadership and delivery. The Council also makes use of external reviews of its practice in order to deliver better outcomes. In 2016/17 four key peer reviews were undertaken, and all were made public:

- Military Civil Integration (**Link**)
- Adult Social Care (**Link**)
- Ofsted review of Domestic Abuse (**Link**)
- Highways (**Link**)

6.4 In March 2015 the Information Commissioner's Office (ICO) carried out a voluntary audit of the Council's information governance arrangements. As reported in last year's AGS this was a key area for the Council to address. Actions have been taken and a detailed update was taken to the Audit Committee (**Link**), which identified that significant improvement had and continued to be taken and made in this area.

6.5 Working in partnerships is increasingly important to the Council and is used as an additional method of improving and growing the skills base for delivering the Council's objectives.

7. Managing risks and performance through robust internal controls and strong public financial management

7.1   Performance management is a key component of the Council's approach to achieving its stated outcomes. Part of this process involves identifying and, where appropriate, mitigating risks, ensuring that performance and risk management processes are in place throughout the organisation with additional rigorous processes to ensure sound financial management. Performance management follows the standard planning cycle (plan, do review, revise) and allows the organisation to know what it wants to achieve, how it's going to achieve, whether it's achieving and what more could be done to achieve. Performance reports are a regular part of the Council's business (**Link**). In addition to cabinet performance reports the Council updates a Citizens' Dashboard with useful statistics about Wiltshire for easy public consumption (**Link**).

7.2   Financial reporting is currently undertaken separately, although reported on the same agenda as performance, this is an area for improvement in 2017/18. During 2016/17 there were three budget monitoring updates to councillors (**Link**), and eight to senior officers. These identified potential overspends, and appropriate action was taken. This raised the risk of the Council's financial position in its Corporate Risk Register however, effective management meant that a small surplus was delivered by year end. The Council also undertook robust scrutiny of the 2017/18 budget and this was set at Full Council in February 2016 (**Link**).

7.3   The Council's Risk Strategy (**Link**) risk management is monitored at various levels in the organisation including by the Cabinet on a quarterly basis. Managing risks is the responsibility of services who define the risks related to their service areas and assign individuals to be responsible for their management. All services risks are scored on the same basis and some service risks are elevated, through a set policy, onto the corporate risk register which is published and reviewed quarterly. Service risks that are high scoring or appear on, or are referenced on, the strategic risk register require a greater level of mitigating action planning with those actions assigned a time scale and an owner. The Council recognises that in order to make successful changes some risk must be undertaken. Therefore, some risks are accepted.

7.4   The Council's risk management arrangements are reviewed by the Audit Committee (**Link**). In 2016/17 the main changes were:

Changes in Residual Scores of Strategic Risks June 2015 to March 2017
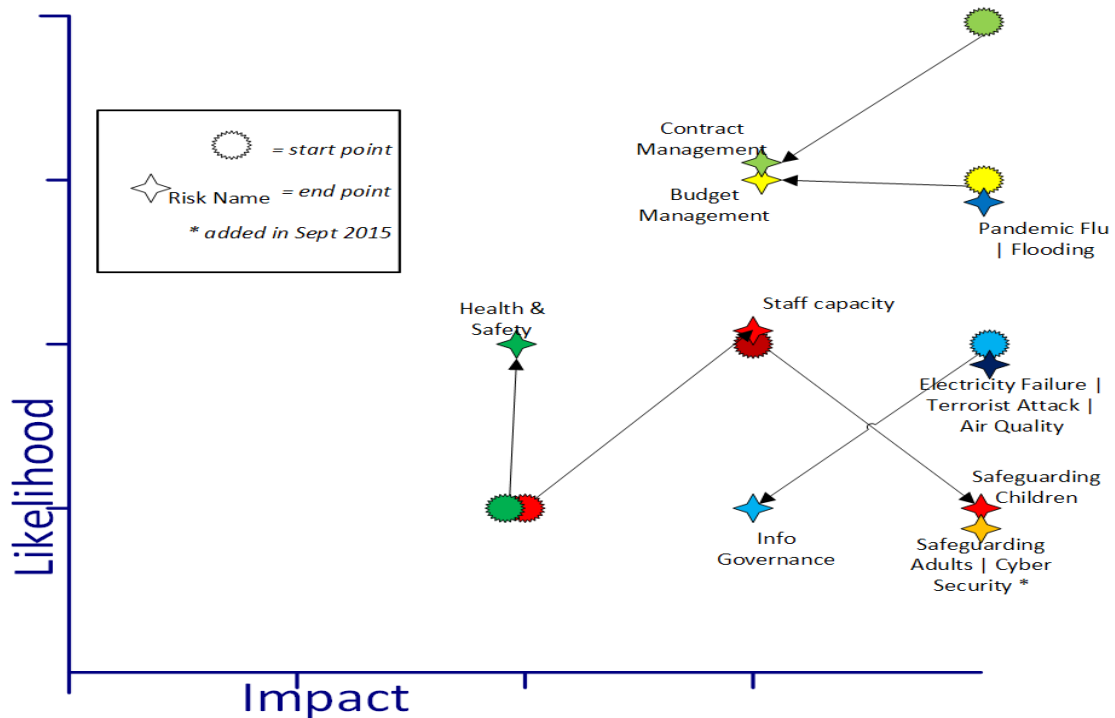
7.5   Wiltshire's section 151 Officer or Chief Finance Officer has a statutory duty to ensure that the Council has a strong financial control environment, including an effective and independent Internal Audit function. During 2016/17 Internal Audit undertook 66 reviews and reported its findings, including any significant risks to Audit Committee (**Link**). Of the recommendations made only 3% were classed as a higher risk requiring immediate action. Reporting also has included action to follow up implementation. The Audit Committee raised concerns regarding the timeliness of finalising audits and this is an area that remains under review with expected improvement in 2017/18. Overall the Chief Internal Auditor assessed the Council's control environment as 'adequate' with no significant issues raised. The Council's External Auditors have also not raised any significant matters during 2016/17. We have sought to advise our KPMG at all times and sought their views on a number of occasions before taking key decisions.

8.   Areas for Improvement

8.1   The Council has identified a number of areas where further improvements to can be made to strengthen its governance framework. Work will be undertaken over the next twelve months to review the following areas.

- Changes to the appraisal system that identify specific targets for completion for individuals linked to the council's Business Plan through

service and team plans. Such a system will be able to provide a link to the work being done to achieve stated aims and a corporate level understanding of progress against the desired outcomes.

- Revisions will be made to the Council's Behaviours Framework that will build on the lessons learnt in the last four years.

- Further training for elected members to improve understanding of the need for efficient and effective decision making, promoting, openness and transparency

- There will be a review of the inter-relationship between key polices to improve clarity and consistency of processes including: Anti-Fraud and Corruption, Whistle Blowing, and some staff policies, such as Registering interests, gifts and hospitality.

- How the Council collects general feedback from individuals and communities to assess improvements in approach.

- Reporting of finance and performance management, will be combined with a key focus on links between the use of resources and the outcomes being achieved.

8.2   The governance of the Council will continue to be monitored by Cabinet, other councillor committees and the Council's Corporate Leadership Team. That will include the areas to address identified above.

Leader of the Council
Baroness Scott of Bybrook OBE   _____

Corporate Directors
Dr. Carlton Brand   _____

Carolyn Godfrey   _____

Date   _____