

**Wiltshire Council**

**Audit and Governance Committee**

**27 September 2022**

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**Subject: Annual Governance Statement 2021/22**

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**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 2021/22 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 2021/22. 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 2021/22.

**Perry Holmes**

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Assistant Director, Human Resources and Organisational Development

## Wiltshire Council

### Audit and Governance Committee

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**Subject: Annual Governance Statement 2021/22**

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#### Purpose of Report

1. To consider the Annual Governance Statement for 2021/22.

#### 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 2021/22. 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 2021/22.
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 2021/22, 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.
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. Quarterly reports have been provided to the Audit and Governance Committee and where appropriate have been rolled forward into the AGS for 2021/22. It should be noted that the previous AGS was agreed later than normal (in autumn 2021) following the previous year's extension under the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020. This means that less time has been available than usual to implement the improvement actions identified within that AGS.

### Summary of improvements suggested in 2020/21

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

AGS improvement actions	Current Status	
<b><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.</i></b>	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.	HJ JH
<b><i>Continue activities to embed all of the values in Our Identity across the organisation</i></b>	Main roll out and embedding activities complete. Our Identity has been refreshed reflecting feedback and relaunched in July 2022. Further work under way to ensure elements embedded in how we lead, work and act to deliver our services.	TK PM

#### Principle B - Ensuring openness and comprehensive stakeholder engagement

AGS improvement actions	Current Status	
<b><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.</i></b>	See above for review of end-to-end processes  Training has been undertaken with all commissioning staff by IPC (Institute of Public Care) which is a nationally led, locally delivered programme that supports the development of skills in the staff. Following the redesign of end-to-end processes and the	HJ JH DR

	<p>development of a social value strategy, there will be an identification of skills gaps for commercialization and procurement.</p> <p>The restructure of the Procurement Team (as Principle A above) ensured that contract management was included in the new job descriptions for the new Commercial &amp; Procurement Team; in addition, a “Commercial Skills &amp; Capability” role was created as part of the new structure to specifically devise, embed and implement a 5 year commercial skills programme for Officers (and Members) across the Council, this will include contract management and social value (which has evolved to “Socially Responsible Procurement”, to better align to the Wiltshire Council Business Plan). A key feature of that programme will be the new legislation (following the UK’s departure from the EU) that will be introduced in 2023 under the Procurement Bill. A Socially Responsible Procurement Policy and associated action plan has been drafted, and is scheduled to be discussed at 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</p>	
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**Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits**

AGS improvement actions	Current Status	
<i><b>Regularly report on delivery against outcomes defined in the new Business Plan, including our commercial approach</b></i>	A new corporate performance framework has been agreed as part of the publication of the new Business Plan . Aligned quarterly reporting of performance and risk will go to cabinet covering Q1 2022.	<b>MN</b>

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

AGS improvement actions	Current Status	
<i><b>Finalise the governance review of Stone Circle company and shareholding arrangements</b></i>	Cabinet agreed governance arrangements for Stone Circle companies as well as any other companies that the Council owns or has interests in at its meeting on the 27 <sup>th</sup> September 2021. The first meeting of the shareholder sub committee of the cabinet is scheduled to take place on the 25 <sup>th</sup> January.	<b>AB PH SH</b>

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

<b>AGS improvement actions</b>	<b>Current Status</b>	
<b><i>Rollout training and awareness on decision making processes</i></b>	Guides to councillor and officer decision-making powers; cabinet reports and individual cabinet member decisions have now been produced and are available on the council intranet. Further guidance will be produced covering taking, recording and publishing officer decisions, and consulting internal boards. This will be subject to review by Corporate Governance Group, before discussion at CLT/ELT and development of related training material. A comprehensive councillor induction and development programme was prepared for all councillors to benefit from following local elections in 2021.	<b>PH TK MD MN</b>
<b><i>Continue to work with partners to complete a multi-agency evaluation of the response to the pandemic</i></b>	A full multi-agency debrief was not taken forward in 2021 before response was reactivated for the second wave.  The LRF held a set of multi-agency debrief interviews and workshops sessions throughout June 2022 and the feedback from these will be reviewed for any further evaluation requirements. 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.	<b>KB EP MN</b>

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

<b>AGS improvement actions</b>	<b>Current Status</b>	
<b><i>Review how performance can be communicated to the public to deliver maximum openness and transparency</i></b>	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.	<b>MN</b>

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

<b>AGS improvement actions</b>	<b>Current Status</b>	
<b><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></b>	An outcome-based process has been developed ensuring directorate level service plans link clearly with Business Plan principles. The delay in a multi-year local	<b>AB MN</b>

	<p>government finance settlement means a multi-year budget aligned to business plan outcomes will be trialled in the coming year.</p> <p>A new portfolio management approach is being implemented to align corporate programmes with the new Business Plan and ensure benefits realisation.</p>	
<b><i>Review the Complaints Procedure alongside arrangements to report trends and learning</i></b>	<p>A new Corporate Complaints Procedure is being drafted for review by the Corporate Leadership Team prior to consideration by Standards Committee and to relevant scrutiny committees.</p> <p>A new complaints casework IT platform is now being developed internally and will support improved reporting of trends and learning.</p>	<b>PH</b> <b>MD</b> <b>FC</b>

### Initials

**AB:** Andy Brown, Corporate Director, Resources

**PH:** Perry Holmes, Director, Legal and Electoral Services

**TK:** Tamsin Kielb, Assistant Director, HR and OD

**SH:** Simon Hendeby, Director, Housing and Commercial

**HJ:** Helen Jones, Director of Commissioning

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

**KB:** Kate Blackburn, Director, Public Health

PM: Paula Marsh, HR

JH: Jonathan Hopkins, Procurement

MN: Martin Nicholls, Executive Office

MD: Maria Doherty, Democracy

EP: Emergency Planning

### Main Consideration for the Council AGS - Content

8. An AGS for 2021/22 is attached at Appendix 1. This has been updated in the light of the observations of external audit (Deloitte). 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 2021/22.
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 following areas for improvement have been identified at this stage:

- 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.
- Rollout the Good Conduct Campaign for local councils, including a toolkit, webinar and Good Conduct charter.
- Continue activities to embed all of the elements in Our Identity across the organisation
- Regularly report on delivery against outcomes defined in the new Business Plan, including our commercial approach
- Finalise the governance review of Stone Circle company and shareholding arrangements
- Rollout training and awareness on decision making processes
- Continue to work with partners to complete a multi-agency evaluation of the local response to the pandemic
- Review how performance can be communicated to the public to deliver maximum openness and transparency.
- Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved
- Review the Complaints Procedure alongside arrangements to report trends and learning

11. 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. T The Council has been working with the **External Auditor** and has agreed an approach to evidence the fixed asset accounting disclosures historical balances within the revaluation reserve and capital adjustment account to ensure the 'except for' qualification on these accounts for 2018/19 and 2019/20 is cleared for the accounts for the financial year 2020/21 and to progress the outstanding approval of the 2019/20 accounts which are currently unable to be approved due to a national issue on Infrastructure Asset valuation. Details of the conclusion and opinion can be found in the auditor's ISA 260 reports.

**Andy Brown**  
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**Tamsin Kielb**  
**Assistant Director HR and OD**

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**Appendices**

Appendix 1 Wiltshire Council's Annual Governance Statement 2020/21