

Wiltshire Council

Audit Committee

22 July 2020

Subject: Draft Annual Governance Statement 2019/20

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 draft statement has been prepared based on the local code of corporate governance adopted by full council as part of the Constitution.

Proposal(s)

The Audit Committee is asked to consider a draft Annual Governance Statement 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 2019/20. This will be signed by the Leader of the Council and the Chief Executive after final approval by the Audit Committee. The AGS will form part of the Annual Statement of Accounts for 2019/20.

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Wiltshire Council

Audit Committee

22 July 2020

Subject: Draft Annual Governance Statement 2019/20

Purpose of Report

1. To ask the Audit Committee to consider a draft Annual Governance Statement for 2019/20.

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 2019/20. This will be signed by the Leader of the Council and the Chief Executive after final approval by the Audit Committee. The AGS will form part of the Annual Statement of Accounts for 2019/20.
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 2019/20, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts. This date has been extended from June under the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020. 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. Much of the details of these areas for improvement are covered in this year's draft Annual Governance Statement but to enable simple comparison details of the progress made on these specific areas since 2019 is summarised below:

Summary of improvements suggested in 2018/19

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

AGS improvement actions	Current Status	
Agree an updated Corporate Equality Plan for 2019/20	A new Corporate Equality Plan has been agreed by full Council	EO
Review the arrangements for dealing with code of conduct complaints (Protocol 12 now Protocol 11)	The review has been completed with a new Protocol 12 approved and this came into effect on 1 Jan 2020 Protocol 4 – the Planning Code of Good Practice – has also been approved by full council	IG
Review and update as appropriate the Behaviours Framework	Staffing Policy Committee has agreed 'EPIC values' and an updated code of conduct to replace the existing Behaviours framework. Following branding finalisation there will be a soft rollout using lots of different channels to get messages out to staff with a gradual changeover from the framework to EPIC values	JP
Review the procurement approach to social value	A task and finish group has been established which is piloting a number of approaches to procuring added social value.	AB JH

Principle B - Ensuring openness and comprehensive stakeholder engagement

AGS improvement actions	Current Status	
Adopt a new Partnership Working Framework (replace Protocol 8 of the constitution) and undertake an audit of partnership arrangements across the council	A new Partnership Working Framework has been agreed; a review of partnerships has been undertaken but will be reviewed further in the context of recovery from the Covid-19 pandemic.	IG
Review the Wiltshire Compact and role of Wiltshire Assembly	Awaiting the promised refresh of the national Compact which will then shape a new Wiltshire Compact. A new Voluntary, Community and Social Enterprise (VCSE) strategy was due to be launched in spring 2020, inclusive of any new Compact requirements – this is now being revisited in the context of work on community recovery. Future Wiltshire Assembly meetings are under consideration on climate change and recovery.	JG
Agree new consultation policy/guidance to replace the 2015 consultation strategy	Consultation guidance has been updated and being made available to staff (including reflecting requirements during the pandemic)	IG DB
Consider options for collecting feedback from residents, including surveys	Council tax leaflet included incentive and option for newsletter and survey sign-up. The nature of surveys required is being considered as part of work on community recovery.	JG CT
Review Part 4 of the constitution in relation to petitions	This has been considered and adopted by Full Council (26 Nov)	IG

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

AGS improvement actions	Current Status	
Fully implement the peer review recommendations by developing an outcome-based planning process aligned to budget build	Given the current significant impact on the Council's finances and uncertainty around future funding bases, those local and from Government, has seen activity on this proposed process paused. The Council will now be undertaking an internal recovery as part of its overall recovery for Wiltshire. This will involve organisation wide transformation across a whole range of themes, with one outcome being the financial sustainability of the Council in delivering the services – these will be pointed towards the emerging priorities of the Recovery which will have specific outcomes attached to them.	AB EO
Consider additional resource for service delegation and asset transfer delivery	This has been considered and increased (including a project officer) Additional property and commercial lawyers have been deployed.	AB IG
Respond to the findings of an Ofsted inspection in May/ June 2019 building on the previous progress that has been made.	This has been taken forward through the Families and Children's Transformation (FACT) Programme. An action plan has been developed and regular updates provided to the FACT Performance and Outcomes Board.	LT

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

AGS improvement actions	Current Status	
Review the effectiveness of the commercial policy and current commissioning approaches.	<p>A systematic approach to a commercial review of every service has been agreed and was underway until the pandemic effectively paused the process.</p> <p>Elements of the Council's Capital Programme around commercial investment were deferred while others are progressing. The Council's appetite for commercial investment, given the current economic state, will be wrapped up as part of the recovery work.</p> <p>Ongoing governance of council owned companies such as Stone Circle will be considered through audit committee activity.</p>	AB SH
Implement the newly adopted Part 10 of the constitution on procurement and contract rules; aligned to a regularly updated Annual Procurement Plan and medium-term contract management strategy.	<p>Part 10 rules updated and adopted by Full Council in May 2019.</p> <p>Annual Procurement Plan paper on Cabinet forward plan for August 2020 – having been deferred from April 2020.</p> <p>Contract management paper approved by CLT and actions underway, focused on strategically important contracts – first round of contract management information to be received for end January 2020 and included in next possible Performance and Risk Cabinet report.</p>	AB JH
Embed good commissioning and contract management as part of staff job descriptions.	Procurement are reviewing information and will liaise with HR Business Partner to implement this; aligned to consideration of the relationship with the procurement hub.	AB JP JH

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

AGS improvement actions	Current Status	
Rollout training and awareness on decision making processes following a review of corporate governance practices	Guidance has been drafted and rollout will take place as part of recovery once considered by ELT. Bespoke guidance to ensure good governance during the pandemic has been implemented – incorporating issues such as risk assessment, equalities and transparency. This was accompanied by a range of councillor briefings and briefing notes.	IG EO

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

AGS improvement actions	Current Status	
Review business intelligence (data analysis and insight)	An externally facilitated Corporate Business Intelligence (BI) Review has been completed, with a development programme formally initiated by CLT. The approach to	EO

functions across the council and supporting systems	corporate performance will be implemented by the new Executive Office.	
Review how performance can be communicated to the public to deliver maximum openness and transparency.	A refreshed approach to communication of performance as well as publishing open data will be delivered through the new Executive Office.	EO
Combine financial reporting and performance and risk reporting in the same quarterly report to Cabinet and embed good practice across the council	This is now in place	EO

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

AGS improvement actions	Current Status	
Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved	A portfolio management approach is being implemented to align corporate programmes with the Business Plan and ensure benefits realisation. This will be reviewed as the Council moves into recovery. The financial elements of business cases have been fed into the development of corporate business case development and embedded in the council's new portfolio management approach for programmes and projects. A finance module has been part of the internal leadership and management programme since its inception for both the aspiring and developing manager programmes	AB EO
Finalise accompanying action plans for the counter fraud framework	The Anti-Fraud, Theft, Corruption and Bribery Action Plan 2019 was agreed by Audit Committee last July and work continues on the implementation of these plans.	AB/ SW AP
Deliver outstanding waste service changes and saving initiatives.	The new collection rounds for recyclable materials were implemented on 9 March 2020. This followed the construction of the new materials recovery facility which sorts the recyclable waste into individual material streams. Increasing the level of recycling should deliver future savings or avoidance of increase in costs and unfunded budget pressures due to any fall in income from the sale of recyclable materials.	PK

AB: Andy Brown, Interim Corporate Director Resources

EO: Executive Office

IG: Ian Gibbons, Director, Legal and Governance

JP: Jo Pitt, Director, HR and OD

PK: Parvis Khansari, Director, Highways and Waste

JH: Jonathon Hopkins, Procurement

SWAP: South West Audit Partnership

Main Consideration for the Council AGS - Content

8. An AGS for 2019/20 is attached at Appendix 1. The draft will be updated in the light of the observations of Cabinet and Audit Committee as well as external audit (Deloitte).
9. 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 2019/20.
10. The final sections of the draft 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.
11. The response to the COVID-19 pandemic will have immediate and undoubtedly long lasting significant financial implications for Wiltshire's economy, communities and residents as well as the Council itself. The magnitude and far reaching consequences of this unprecedented situation represents a significant governance issue for the Council, which will be addressed through the Recovery Plan agreed by the Recovery Co-ordinating Group of the LRF and endorsed by Cabinet on behalf of the Council.
12. Areas for improvement in governance arrangements will need to be considered through the lens of recovery as work progresses under the themes of the Recovery Plan. Subject to this, the following areas for improvement have been identified at this stage:
 - Deliver policy and training to embed social value across the council
 - Promote with staff 'EPIC values' and an updated code of conduct to replace the existing Behaviours framework
 - Review and agree a new Statement of Community involvement
 - Implement a new VCS strategy and review the Wiltshire Compact

- Pilot a multi-year outcome-based planning process aligned to budget build
- Review approach to service delegation and asset transfer and One Public Estate
- Review the effectiveness of the commercial policy and current procurement and commissioning approaches.
- Embed good commissioning and contract management as part of staff job descriptions.
- Rollout training and awareness on decision making processes
- Work with partners to complete a multi-agency evaluation of the 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 and the Recovery Plan to ensure a focus on the resources used and outcomes achieved]

13. The Council's external auditors, Deloitte LLP, will be consulted on the draft AGS and their comments reflected in the final draft.

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Background Papers

The following documents have been relied on in the preparation of this report:
Local Code of Corporate Governance

Appendices

Appendix 1 Wiltshire Council's Annual Governance Statement 2019/20