

# AGENDA

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**Meeting:** Audit and Governance Committee

**Place:** Kennet Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN

**Date:** Tuesday 23 July 2024

**Time:** 1.30 pm

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Please direct any enquiries on this Agenda to Tara Hunt of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718352 or email [tara.hunt@wiltshire.gov.uk](mailto:tara.hunt@wiltshire.gov.uk)

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## Voting Membership:

Cllr Iain Wallis (Chairman)

Cllr Stuart Wheeler (Vice-Chairman)

Cllr Pauline Church

Cllr Chuck Berry

Cllr Adrian Foster

Cllr Gavin Grant

Cllr Howard Greenman

Cllr George Jeans

Cllr Antonio Piazza

Cllr Pip Ridout

Cllr Martin Smith

## Non-Voting Membership:

Cllr Nick Botterill

Cllr Richard Clewer

Andrew Geddes

Jennifer Whitten

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## Substitutes:

Cllr Liz Alstrom

Cllr Ernie Clark

Cllr Matthew Dean

Cllr Ross Henning

Cllr Jon Hubbard

Cllr Tom Rounds

Cllr Jo Trigg

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# AGENDA

## Part I

### Items to be considered while the meeting is open to the public

1 **Apologies**

To receive any apologies or substitutions for the meeting.

2 **Minutes of the Previous Meeting** (*Pages 5 - 18*)

To confirm and sign the minutes of the meeting held on 23 April 2024.

3 **Declarations of Interests**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4 **Chairman's Announcements**

To receive any announcements through the Chairman.

5 **Public Participation**

The Council welcomes contributions from members of the public.

#### Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

#### Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on Tuesday 16 July 2024 in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on Thursday 18 July 2024. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

6 **Risk Management** (*Pages 19 - 26*)

To receive a report on risk management.

- 7        **Internal Audit update reports** (*Pages 27 - 36*)  
To receive the internal audit updates from SWAP.
- 8        **Annual Governance Statement 2023/24** (*Pages 37 - 60*)  
To consider the Annual Governance Statement (AGS) 2023/24.
- 9        **Whistleblowing Policy** (*Pages 61 - 94*)  
To consider the update on the Whistleblowing policy.
- 10       **External Audit Plans 2023/24** (*Pages 95 - 132*)  
To receive the external audit plans 2023/24 from Grant Thornton.
- 11       **Interim External Auditor's Annual Report** (*Pages 133 - 180*)  
To receive the interim external auditor's annual report 2023-24.
- 12       **Statement of Accounts / Backstops update** (*Pages 181 - 186*)  
To receive an update on the Statement of Accounts / Backstops.
- 13       **Forward Work Programme** (*Pages 187 - 188*)  
To note the Forward Work Programme
- 14       **Date of Next Meeting**  
To note that there will be an extraordinary meeting of the Committee (to consider the outstanding Statements of Accounts) on 11 September 2024 at 2.00pm.  
  
To note that the next regular meeting of the Committee will be held on 17 October 2024 at 10.30am.
- 15       **Urgent Items**  
Any other items of business, which the Chairman agrees to consider as a matter of urgency.

## Part II

**Items during whose consideration it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed**

None



## **Audit and Governance Committee**

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**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 23 APRIL 2024 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

Cllr Iain Wallis (Chairman), Cllr Stuart Wheeler (Vice-Chairman), Cllr Pauline Church, Cllr Chuck Berry, Cllr Adrian Foster, Cllr Gavin Grant, Cllr Howard Greenman, Cllr George Jeans, Cllr Pip Ridout, Cllr Martin Smith, Cllr Nick Botterill, Andrew Geddes and Jennifer Whitten.

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**15 Apologies and Membership**

- a) An apology for absence was received from Cllr Richard Clewer.

The Chairman gave an update on membership of the Committee. Councillor Mike Sankey had moved on from the Committee, so thanks were given to Cllr Sankey for his work whilst on the Committee. Cllr Pauline Church had become a full member of the Committee, and the Chairman welcomed her.

- b) The Chairman explained that at Full Council on 17 May 2022, it was approved that the power to appoint up to 2 co-opted non-voting Members be delegated to the Audit and Governance Committee, and the arrangements for the selection of those Members to be delegated to the Monitoring Officer in consultation with the Chairman of the Committee.

Following a recruitment process which involved an interview panel comprising the Chairman, Cllr Sankey, and Cllr Jeans, supported by Lizzie Watkin (Director of Finance & Procurement (S151 Officer)), 2 candidates were selected who it was felt would be great additions to the Committee.

The Chairman proposed that the Committee formally ratify the appointment of Andrew Geddes and Jennifer Whitten as co-opted non-voting members of the Committee. This was seconded by Cllr Gavin Grant and it was,

**Resolved:**

**That the Committee formally ratified the appointment of Andrew Geddes and Jennifer Whitten as co-opted non-voting members of the Committee.**

Due to their being new attendees at the meeting, the Chairman suggested that everyone present introduce themselves.

16 **Minutes of the Previous Meeting**

The minutes of the meeting held on 7 February 2024 were presented for consideration, and it was,

**Resolved:**

**To approve and sign the minutes as a true and correct record.**

17 **Declarations of Interests**

There were no declarations of interest.

18 **Chairman's Announcements**

- **Statement of Accounts 2109/20**

The Chairman announced that following the last meeting of the Committee in February, where the 2019/20 accounts were approved, it was anticipated that the audit certificate would be received from Deloitte to allow the council to publish final audited approved accounts. The certificate had not yet been received and therefore publication had not been possible. Once the 2019/20 accounts were published officers would inform the Committee.

Lizzie Watkin, Director of Finance & Procurement (S151 Officer), confirmed that she had checked again that morning and the certificate had not been received.

In response to questions from Members the officer explained that they had received 2 further queries from Deloitte regarding those accounts, for which officers provided information. These queries did not raise anything of material significance. As to whether this would delay the following sets of accounts, the draft 2020/21 accounts were in the agenda and the council was not expecting any significant audit activity on the three outstanding sets of accounts. There would be a public inspection period after each set of accounts was published and officers did not want those to overlap, so that the public could focus on one set of accounts at a time. Further details would be given under the Statement of Accounts 2020/21 item.

*Cllr George Jeans arrived at 10.47am.*

19 **Public Participation**

There were no public statements or questions received.

## 20 Internal Audit Annual Opinion

Becky Brook, Principal Auditor at SWAP, presented the internal audit annual opinion from SWAP, which was reasonable. Significant risks highlighted over the year were being followed up and SWAP would report back to the Committee when these were adequately mitigated.

Various pages of the report were highlighted, including the key highlights at page 16 of the agenda; audit coverage by strategic risk at page 17; and follow up audit actions at page 18.

58% of SWAP's work had given reasonable opinions. Value added work was detailed at pages 20 - 21. Wiltshire Council, via SWAP, were a partner of CiFAS (Credit Industry Fraud Avoidance System). Pages 24 – 29 included details of all work undertaken over the last year.

Members queried that the report seemed to be focused on SWAP's performance, rather than Wiltshire Council's performance. Sally White, Assistant Director, SWAP, explained that this was an annual overview, so was a summary and did point more to SWAP's performance. The quarterly internal audit updates brought to the Committee would have more details regarding Wiltshire Council performance, such as any limited or no assurance audit opinions.

Lizzie Watkin (Director of Finance & Procurement (S151 Officer)) stated that when limited or no assurance audits were received, the service area involved would be invited to the Committee so that the situation and actions to be taken to mitigate any risks could be drilled into in more detail.

Members queried the lack of audit coverage by strategic risk. Ms White explained that there was limited data available at present, as SWAP had changed to a new system approximately 16 months ago, so that affected coverage shown in the report.

Members requested assurance regarding cyber resilience, as the ICT network boundary defences audit had received a limited assurance opinion. Following this the service area had attended the Committee to give further details. The SWAP representative stated that SWAP was currently exploring with ICT how far they had progressed in terms of mitigating cyber risks around ICT network boundary defences. The Committee would be updated when appropriate.

Members then had a discussion regarding whether progress against targets set more generally were audited. Examples given were targets for self-build houses, the 5 year housing land supply (now 4 years) and the Gypsy and Traveller policy. Members were particularly concerned about the council's statutory obligations and where it was recorded whether the Council was meeting those.

Ms White stated that they did look at Key Performance Indicators (KPI's) sometimes, however it depended on the scope of their work.

Members further discussed various issues that had occurred a planning committees.

Cllr Nick Botterill, Cabinet Member for Finance, Development Management and Strategic Planning, highlighted that a Gypsy and Traveller Plan was being developed in line with regulations and there was a published development scheme.

Some Members felt that these sorts of issues were beyond the remit of the Audit and Governance Committee.

Lizzie Watkin stated she understood the Members concerns and there was an onus on officers in terms of transparency of reporting. The officer felt like this would be something that would fall under one of the Scrutiny Select Committees. The officer would take this away and follow it up with the Monitoring Officer, to ensure the structures were in place. However, there was a complexity around the Committee's role in terms of governance. Performance and Outcomes Boards and Groups did look at this type of issue, and they did not want to duplicate that, but did want robust debate.

Members again stated that they wanted to know where performance against things the council had said it would do was measured and shown, and that this should be audited. Members also highlighted that they had been arguing for a Finance Select Committee.

The officer explained that internal audit activity was focused in terms of risk and mitigation, and risk of not meeting statutory duties should be covered by internal audit. In terms of the Business Plan, quarterly performance reports went to Cabinet. This was why she had suggested a Select Committee to be the correct route as they look at Cabinet's role. They needed the right reporting in the right place. The officer re-iterated that she would discuss this with the monitoring officer.

The Chairman proposed a motion to note the Internal Audit Opinion provided by SWAP, this was seconded by Cllr Stuart Wheeler.

Members debated further with points raised including concerns regarding coverage of audits and whether identified actions were being followed up.

SWAP stated that any risks with no coverage were in the plan to be covered and Members could look at the Audit Board for the latest information regarding audits and to access the rolling internal audit plan. This approach had been adopted so that the plan was dynamic and responsive. It was highlighted that strategic risks were not the only factor considered by SWAP when planning their internal audit work.

Lizzie Watkin suggested that the Committee may need more information on the risk management approach, so requested that this be added to the Forward Work Plan.

At the conclusion of the debate, it was,

**Resolved:**

**To note the Internal Audit Annual Opinion provided by SWAP.**

21 **Internal Audit Approach to Audit Planning**

Becky Brook, Principal Auditor, SWAP, presented the internal audit approach to audit planning.

She explained that Members would be aware that for the past 16 months there had been a continuous, rolling plan approach. This was a mix of requested work as well as things which SWAP recommended, based on strategic risk and SWAP's top 10 risks amongst other things. The benefits of the Audit Board were highlighted as this was where Members could see work in progress and what was planned. New Members of the Committee would be set up on the Audit Board and provided training. SWAP would bring the internal audit charter to the Committee later in the year and until then would work off the old charter.

The Chairman proposed to note the internal audit approach to audit planning. This was seconded by Cllr Martin Smith.

There were no comments or debate, and it was,

**Resolved**

**To note the internal audit approach to audit planning.**

22 **Introduction to New Auditors and External Audit Plans 2023/24**

Jackson Murray of Grant Thornton, explained that Grant Thornton had been appointed by Public Sector Audit Appointments (PSAA) as the new auditors from 2023/24 onwards. This would be the first set of accounts that they would work on for Wiltshire Council. Mr Murray himself had been working on public sector audits for 15 years.

Mr Murray highlighted the progress report in the agenda pack and stated that Grant Thornton would bring one of these to each Committee they attended. The report detailed where they were in terms of progress and value for money. The report also brought to the Committees attention items related to external audit that may be of interest.

Page 40 of the agenda was explained in further detail. Some good progress had been made towards the financial statements audit. They had intended to bring the external audit plan but had not been able to progress that far yet, so were slightly behind on where they wanted to be. The backlog in signing off previous statements of accounts, (as was the case for many local authorities), made it

difficult to plan. It was noted that the council was swapping to a new ERP system, and this was tying up ICT staff, so there had been difficulties getting information from ICT colleagues at the council. Questions asked of Wiltshire Council, such as those informing the risk assessment would be asked every year and these and the responses when received would be reported to the Committee. It was expected that the external audit plan could be presented to the July meeting of the Committee.

Regarding value for money, significant progress had been made in that area, with good engagement from officers.

It was expected that an interim auditor's report for 2023/24 would be brought to the July meeting of the Committee. It was hoped that this would provide a good overview on financial sustainability, governance and value for money arrangements.

In relation to backstops for outstanding audits it was explained that a consultation on backstops had taken place in February/March, however, nothing had been officially announced since then. The consultation suggested that all the outstanding audits would need to be completed by 30 September 2024. Councils must produce draft published accounts to allow for public consultation. The wait for confirmation from government made things challenging, as what did a number of years unaudited accounts mean? If closing balances were not audited, how would they know the opening balances were correct? There had been no clarity on that. Grant Thornton would make sure closing balances as of 31 March 2024 were correct and then ensure opening balances for the next set of accounts were correct. Assuming there were a number of backstop qualified accounts it would be difficult to get an unqualified opinion for 2023/24.

The escalation policy was detailed at page 43 of the agenda as Grant Thornton wanted the Committee to understand how they wanted to work. If there were challenges identified in terms of the accounts, the policy set out how they would escalate matters. It was hoped that they would not need to use the policy.

The Chairman stated that he would welcome the progress reports going forward.

Members raised concerns that Grant Thornton had struggled to get information requested and pondered if officers understood the gravity of the situation.

Lizzie Watkin, Director of Finance and Procurement (S151 Officer), stated that she had been made aware that there were problems of information not coming through, particularly from ICT. The officer had tough conversations with staff about the knock-on effects of not providing enough information to the external auditors, so they were aware. However, ICT's current priority was supporting the new ERP system.

Members highlighted that the Dedicated Schools Grant - High Needs Block deficit was a national issue which government needed to look at, however Wiltshire Council were taking the risk seriously. My Murray confirmed that he

understood that it was a national funding challenge, and this would be reported on further in future value for money updates.

In response to questions regarding the backstops and whether Wiltshire Council was an outlier in terms of unaudited accounts, it was explained that Wiltshire Council was not an outlier, but were in the middle. Some authorities had many years of audits outstanding, and some were up to date. The latest figures seen reported that there were approximately 600-700 audit opinions outstanding, with some going back to 2015/16. This was why the government had introduced the backstop dates. External Audit firms were talking to each other and industry bodies regarding how it would work. Many different stakeholders needed to agree the way forward and the industry really needed to see the results of the consultation. There had been lots of consultation but not much action from government. The suggested backstop for the 2023/24 accounts was 31 May 2025. It was hoped that they would not need to backstop the accounts again.

Lizzie Watkin added that in terms of the consultation, it was focused on the backstops and how to clear the accounts, but it did not cover why the situation had occurred in the first place. As mentioned at many previous Audit and Governance meetings, it was explained that the external audit market was broken, partly as there were not enough firms able to undertake local authority audits. Also, the financial reporting regulations that local authorities were expected to adhere to were incredibly complicated and impenetrable. These involved very technical things which were not actually relevant for the public to scrutinise the council's finances. If that was not addressed, it was thought that there would likely be further backlogs. The council would work with the auditors, but they were framed by financial regulation. The value for money aspect was welcomed.

Members queried the comments in the value for money section of the report (page 40) on *"2023/43 Financial Statements – pervasive and significant weaknesses in internal controls reported by previous auditor"*. Mr Murray explained that this related largely to the audit finding report presented at [Audit and Governance on 7 February](#) and the statutory recommendations that Deloitte made at the [Extraordinary meeting of Full Council on 20 February](#). Grant Thornton would need to look at this in more detail.

Whilst Members understood the rationale of the comment, they were not sure that the comment adequately framed the situation and felt that the weaknesses in the 2019/20 accounts were recognised and that most of the actions identified had already been implemented.

Lizzie Watkin clarified that as stated at previous meetings there were errors and misstatements within the 2019/20 accounts. Numerous internal controls had been implemented and technical accounting agency staff had been employed for quite some time. However, she also felt that pervasive was not quite the right wording. It was explained that this again was to do with assets. Local authorities did not use assets like the private sector did, and how did one value a bridge or a highway? The officer felt that the 49 weaknesses identified were very repetitive. The internal controls implemented for the 2019/20 accounts had

not been audited yet. They would not be independently checked until Grant Thornton looked at them. It was stated that it had been a difficult and frustrating journey. The hope was that the 2023/24 accounts could be progressed successfully.

Members commented again on the Dedicated Schools Grant and the backstops, which were outside of the council's control, they were national government issues. Members noted that the Financial Planning Task Group (FPTG) had repeatedly flagged the Dedicated Schools Grant situation.

Lizzie Watkin explained the Dedicated Schools Grant - High Needs Block situation in more detail. National government had changed the regulations around that. The council had signed up to the Department for Education (DfE) safety valve agreement to help with the deficit caused. The council was undertaking a lot of work on education for children with SEND, aiming for an earlier, more proactive response. So that children got the right education, in the right place, according to need. Furthermore, as part of budget reporting, Cabinet approval had been given to cover some of the deficit. It was hoped the government would provide clarity and confidence that the overrides would remain in place. In relation to audit regulations, the council would continue to lobby for changes.

The Chairman, seconded by Cllr Pip Ridout, proposed that the Committee note the Audit Progress report and Sector Updates provided by Grant Thornton.

Members briefly debated amending the motion to clarify that the comments were in relation to the 2019/20 accounts and the situation had moved on since then. However, others felt that the auditors needed to be forward thinking. So, it was decided not to amend the motion.

Mr Murray stated that there would be more details available in the external audit plan at the next meeting. So, this could be discussed further at that point.

It was,

**Resolved:**

**To note the Audit Progress report and Sector Updates provided by Grant Thornton.**

*The Chairman called a short recess at 12.20pm. The meeting reconvened at 12.28pm.*

## 23 **Accounting Policies 2023/24**

Lizzie Watkin, Director of Finance and Procurement (Section 151 Officer), presented the accounting policies 2023/24.

The officer highlighted the importance of the accounting policies which would be used to undertake the 2023/24 accounts. It was best practice to bring these to



the Committee for approval and they were reviewed annually. The policy would be taken as read. It was noted that there were some small amendments from the 2022/23 policy, such as depreciation of community assets. It was also noted that officers had failed to remove reference to the previous years policy everywhere in the document and that it should read 2023/24 everywhere. This would be corrected.

Members stated that whilst the policy was broadly consistent with previous years, it was not clear where amendments had been made, so clarification was requested.

In response the officer stated that it was in relation to assets and depreciation of property and plant equipment (page 65 of the agenda). Asset accounting for local authorities was a bit strange. Some things, such as land, did not depreciate but were reflected in net book value. Some assets did not have a determinable useful life. That was really the only change.

Members queried whether there was a formula for depreciation and whether this reflected the inherent cost of replacing assets.

It was explained that our assets had very different valuation bases. For some it was depreciated historic costs and for others it would be the replacement cost. Some had indices applied to them and every asset was revalued every 3 years. It was, for example, extremely hard to value a highway, as you would never sell a road. There was a framework of how to get consistent values and the accounting policy detailed how asset values were drawn up. Some replacements were funded through debt; however, this was not recognised in the accounts, they recognised Minimum Revenue Provision instead.

In response to a question on Lyneham Banks it was explained that a report had gone to Cabinet regarding that and set out how the council were going to fund the work. Furthermore, it was detailed that some assets were insured, for example buildings. However, some assets were not insurable. For Lyneham Banks additional funds were requested from the Department for Transport (DfT). The council received an annual grant from the DfT to repair and maintain roads and it was important that this was allocated effectively.

The Chairman proposed that the Committee approve the accounting policies for the financial year 2023/24. This was seconded by Cllr Gavin Grant, and it was,

**Resolved:**

**To approve the accounting policies for the financial year 2023/24.**

## 24 **Policy Updates**

Lizzie Watkin, Director of Finance and Procurement (S151 Officer), presented the policy updates for 2023/24 for the following policies:

- Anti-Fraud Corruption and Bribery

- Anti-Tax Evasion
- Anti-Money Laundering

It was explained that a couple of years ago it became clear that the council did not have up to date policies in the areas listed above. Therefore, these were developed and brought to the Committee for approval, and it was resolved that the policies would be reviewed and refreshed biennially. The policies were appended to the report and text in red was where updates had been made. It was highlighted that when there were any instances of accusations, policies were reviewed as well, particularly when it came to money laundering.

Members queried how cases were detected and which areas were most at risk. It was explained that the teams such as Adult Social Care, Business Rates, Revenues and Benefits, and Housing were very aware what to look out for. There were controls in place and teams had access to national databases. SWAP also reviewed key control audits.

It was hoped that the Whistleblowing policy would come to the next meeting.

Members highlighted that the policies did not refer to residents at all in the who this policy applies to section. The officer agreed that they could add residents, in terms of their interactions with the council, to the policies.

The Chairman proposed that the Committee approve the council's updated Anti-Fraud, Bribery and Corruption Policy, Anti Tax Evasion Policy and Anti-Money Laundering Policy, with the addition that members of the public/residents be included, in terms of their interactions with the council. This was seconded by Cllr Howard Greenman. It was,

**Resolved:**

**To approve the council's updated Anti-Fraud, Bribery and Corruption Policy, Anti Tax Evasion Policy and Anti-Money Laundering Policy, with the addition that members of the public/residents be included, in terms of their interactions with the council.**

*Cllrs Howard Greenman and Stuart Wheeler left the meeting at 1.00pm.*

25 **Statement of Accounts 2020/21 and AGS 2020/21 Update**

Lizzie Watkin, Director of Finance and Procurement (Section 151 Officer), presented the Statement of Accounts 2020/21 and Annual Governance Statement (AGS) 2020/21 update.

The officer explained that the draft [Statement of Accounts 2020/21](#) had been published for the public inspection period so that the public could look at them and ask any questions they had. As part of the Statement of Accounts the AGS for that year was included. This had been approved by the Committee previously. This referred to an except for qualification on the 2019/20 accounts. However, a disclaimer opinion had been received. The AGS had therefore been

amended to reference the disclaimer opinion. This was a technical adjustment which the Committee needed to formally approve.

In response to a question regarding the other outstanding Statements of Accounts, it was explained that it was good practice that the Committee see the draft accounts. Deloitte were engaged; however, the council was not expecting any audit activity on the remaining outstanding accounts (up to 2022/23). Although the auditors would undertake value for money work, in order to meet the regulations. It was likely that they would all receive disclaimer opinions.

Cllr Pauline Church stated she had been cabinet Member for Finance whilst some of these accounts were underway so stated that she did not feel comfortable commenting or voting on this item, so she would abstain.

The officer noted that there was a typographic error in the proposed recommendation in the report. It should read 2020/21 for both the AGS and the draft Statement of Accounts.

The Chairman made the recommended proposal, which was seconded by Cllr Pip Ridout. It was,

**Resolved:**

- 1) To approve the amended Annual Governance Statement for 2020/21; and**
- 2) To note the publication of the Draft Statement of Accounts 2020/21.**

26 **Annual Update to Full Council**

Kieran Elliott, Democracy Manager, Democratic Services, presented a report regarding an Audit and Governance Committee Annual Update to Full Council. It was explained that there was no requirement to do this, however it was thought to be a good idea to highlight some of the work the Committee had undertaken in the past year. Therefore, delegation was being requested for the Director, Legal and Governance to produce an update, after consultation with the Chairman. Some other Committee's such as Standards and Licensing would be producing updates too. There had also been criticism from some Members that they were not aware of the Committee's work, so this would solve that problem. Although the idea had come about prior to the criticism.

The Chairman felt that this was a good idea. Members highlighted that Standards was included twice in paragraph 4 of the report.

On the proposal of the Chairman, seconded by Cllr Martin Smith, it was,

**Resolved:**

**To delegate authority to the Director, Legal and Governance, after consultation with the Chairman, to prepare an annual update to Full Council.**

*Cllr Pip Ridout left the meeting at 1.10pm.*

27 **Forward Work Programme**

The Chairman highlighted the Forward Work Plan (FWP) in the agenda and queried if any changes were requested.

Officers stated that yes, as discussed earlier in the meeting, Risk Management should be added to the FWP, hopefully for the July meeting but conversations would be required with officers to determine which meeting it should come to.

The Grant Thornton reports as detailed in their update would need adding to the FWP.

SWAP also requested that a SWAP internal audit update be added to the October meeting.

Lizzie Watkin, Director of Finance and Procurement (S151 Officer), stated that she was hoping to update regarding the backstops at the July meeting. If nothing further had been heard from government by the July meeting, this would put at risk the September backstop for the outstanding accounts. However, once she knew the situation she would update the Committee.

Members queried as to whether the Committee was covering all of their responsibilities as detailed in [Section 3B of the constitution](#), paragraphs 2.7.9.1 to 2.7.9.15. Officers stated that they could discuss this in agenda setting meetings.

Members also queried whether a general election would affect the Committee's work and Ms Watkin stated that she would speak to the Director, Legal and Governance regarding that.

The Chairman proposed that the Committee note the FWP, with the additions detailed above, this was seconded by Cllr Gavin Grant, and it was,

**Resolved:**

**To note the FWP with the additions of Risk Management, Grant Thornton reports, backstops, and SWAP internal audit updates.**

28 **Date of Next Meeting**

The next ordinary meeting of the Committee would be held on 24 July 2024.

It was also highlighted that an extraordinary meeting of the Committee had been organised for 11 September 2024 to consider the outstanding accounts.

The Chairman requested that if any Members were unable to attend meetings that they send apologies and try to arrange substitutes.

29 **Urgent Items**

There were no urgent or part II (private) items, so the Chairman thanked everyone for attending and closed the meeting.

(Duration of meeting: 10.35 am - 1.15 pm)

The Officer who has produced these minutes is Tara Hunt of Democratic Services, direct line 01225 718352, e-mail [tara.hunt@wiltshire.gov.uk](mailto:tara.hunt@wiltshire.gov.uk)

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## Wiltshire Council

### Audit & Governance Committee

23 July 2024

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## Risk Management

### Purpose of Report

1. To provide an update on the Council's risk management framework and assurance to the Audit and Governance Committee that the Council's risk management process is in place and functioning correctly.
2. To provide an update on the Council's transition to the new Risk Management Policy, following its approval by Cabinet in May 2024.
3. To update the Committee on further progress made implementing recommendations from the Internal Audit Action Plan.

### Relevance to the Council's Business Plan

4. This report directly supports the Council's Business Plan mission to have an efficient, and healthy organisation, particularly having a robust corporate planning cycle including performance and risk management.

### Background

5. In its May 2023 meeting, the Audit and Governance Committee requested a review of risk appetite categories, with a view to having more granular risk appetite levels to apply to operational risks.
6. During 2023 an internal audit was undertaken of the Council's risk management processes. Progress against implementation of the agreed action plan was last reported to February 2024's Audit and Governance Committee meeting.
7. In its February 2024 meeting, the Audit and Governance Committee reviewed and provided feedback on a proposed risk management policy for the Council.
8. In May 2024 the Overview and Scrutiny Management Committee received a briefing on the new Risk Management Policy, to support their role in quarterly scrutiny of risks and risk mitigations.

### Main Considerations

#### Risk Management Framework

9. A new Risk Management Policy was approved by Cabinet in May 2024 (Item #66). The policy provides the framework within which risks are identified, monitored and mitigated within the Council.
10. The policy provides the detailed instructions for how risks should be managed, ensuring improved consistency across directorates in how risks are identified, defined, scored, escalated, reported on, and closed.

11. The policy also sets out the Council's approach to risk appetite, defining five appetite levels that articulate the amount of risk the Council is willing to tolerate for different types of risk. Appetite levels have been applied to 14 new categories, including three operational categories: 'operations – minimalist', 'operations – cautious', and 'operations – open'. This allows a more granular application of risk appetite to different types of risk and recognises that some services may have a lower tolerance for risk than others.
12. Risks are now scored on a 5x5 scoring matrix, replacing the previous 4x4 matrix. This allows for a more detailed assessment of risk scores and also better aligns the Council's risk processes with our partner organisations. Examples have been developed to assist officers in determining the likelihood and impact scores of risks. As a result of the expanded risk matrix, risk scores are now assigned to 5 different levels, ranging from very low to very high.

### **Roles and Responsibilities**

13. Within the policy roles and responsibilities are defined and aligned to the Council's constitution. Responsibilities are also mapped to the three lines of defence approach recommended by CIPFA and set out in Protocol 9 of the Council's constitution.
14. Within this model, the first line of defence is direct responsibility for identifying, owning, monitoring, managing and mitigating risks, which rests with officers and is led by directors and heads of service, with responsibility for strategic risks resting with the Corporate Leadership Team.
15. At the operational level, risks will form a standing agenda item at Performance Outcome Board (POB) and Performance Outcome Group (POG) meetings. Risks are also managed within Directorates through Senior Management Team meetings, and at designated workshops.
16. The second line of defence are the functions that oversee the management of risks, including the Corporate Leadership Team, Cabinet, and Overview and Scrutiny Management Committee.
17. Cabinet's role is to have executive responsibility for risk management, and to hold the Corporate Leadership Team to account for the effective management of risks by officers. To do this Cabinet receives quarterly reports on strategic risks, typically reported alongside corporate performance indicators to its February, May, September and November meetings. The new policy also allows for exception reporting of corporate risks – those where mitigations are fully implemented but scores remain above appetite or are high/very high, or where current risks scores have increased rapidly since the previous report. Future reports will be mapped to the Council's Business Plan missions.
18. Overview and Scrutiny Management Committee's role also sits under the second line of defence, and is to provide additional review, scrutiny and challenge of the quarterly Cabinet risk reports, providing independent checks and balance on the risks and how they are being mitigated.
19. The Strategic Risk Working Group also has a role under the second line of defence, with a role to ensure that policies and frameworks remain current and aligned with best practice in the sector. The Working Group also has a role in scrutiny, beyond that seen in Performance Outcome Groups, to provide high-level linkage between Directorates in



identifying strategic risks as well as opportunities. The Strategic Risk Working Group feeds into the Corporate Governance Group.

20. The third line of defence has independence from operational risk management and provides objective evaluation of the adequacy and effectiveness of the framework of governance within which risks are managed, as well as providing assurance on the effectiveness of mitigating controls.
21. Audit and Governance Committee's role sits under the third line of defence, and is to ensure the effectiveness of the framework within risks are managed, rather than scrutiny of the risks themselves. The Committee has non-executive lead responsibility for governance reporting arrangements in relation to risk management (Protocol 10, area 7), and is responsible for monitoring and reviewing the effective development and operation of corporate governance and risk arrangements.
22. To provide this assurance the Audit and Governance Committee receives annual reports on the effectiveness of the risk management framework. The Committee was also provided with an opportunity to review and comment on the draft risk management policy, with feedback incorporated before the policy went to Cabinet for approval.
23. Members of the Audit and Governance Committee are able to challenge the strategic risks themselves through attendance at either Cabinet or Overview and Scrutiny meetings.
24. Also sitting under the third line of defence are both internal and external audit functions, which provide additional independent assurance on the overall adequacy and effectiveness of the framework of governance and of risk management policy and processes.
25. Internal Audit also provides independent assurance and consulting activities on Council processes, risks and controls. The Internal Audit programme of work is aligned to the Council's strategic risks and/or corporate risks, independent assessment of key risk areas in the UK Public Sector, horizon scanning and individual audit requests by senior management.
26. The final third line of defence are the external assurance bodies that provide independent expertise and scrutiny to ensure that suitable controls are being effectively implemented for specific services, such as Ofsted, CQC, HMIP and housing ombudsman inspections.

### **Transition to the New Policy**

27. Following approval of the new Risk Management Policy, a programme of advocacy and guidance has supported officers in transitioning risks to the new framework.
28. A series of 'how to' guides are now available on the Council's updated internal risk management intranet page, providing user-friendly guidance on different aspects of risk management, including worked examples and tools to assist in identifying, creating, scoring and mitigating risks.
29. A briefing has been provided to the Heads of Service forum, and presentations offered to Directorate SMTs. The Corporate Support Manager with responsibility for performance and risk has already delivered ten talks, has facilitated workshops to

identify and review risks within directorates, and has provided one-to-one support to a number of officers upon request.

30. To fully implement the new policy, all risks need to be assigned to new risk categories, in order to determine the appetite level for the risk, and also re-scored on the new 5x5 scoring matrix. Officers have been asked to complete this work by the end of July 2024.
31. Engagement from Directors, Heads of Service and officers with the new policy has been positive, with a number of directorates using the transition as an opportunity not only to review and re-score existing corporate risks, but to conduct a wider review of gaps and risks, rebuilding from the ground up.

### **Strategic Risks**

32. The new Risk Management Policy formalises the tiers, or levels of risk register, at which risks sit. At the top of this structure are the Council's strategic risks, the significant risks that would impact across the Council or would impact the Council's ability to achieve its strategic priorities.
33. Below this are corporate risks, those important risks that would impact across a whole directorate. Finally, at the operational level are service and change related risks (projects, programmes, transformation and contract risks), which are more specific to the operations of a service or process.
34. The new policy makes links between strategic risks, which encapsulate the overall risk to the whole Council, and related corporate or service level risks. Although sitting at lower tiers, these risks would have a greater collective impact should multiple similar risks become issues at the same time. Examples of these types of risks relate to staffing recruitment and retention, or adaptation to climate change.
35. A review of the Council's strategic risks is currently being undertaken, under the oversight of the new Strategic Risk Working Group. This aims to ensure that strategic risks are appropriately defined, captured and reported. Following approval by CLT, the revised strategic risk register aims to be reported to Cabinet in September.

### **Internal Audit Action Plan**

36. Since the last report to the Audit and Governance Committee in February, further progress has been made implementing agreed actions in the Internal Audit Action Plan.
37. Most actions are now complete. Approval of the new Risk Management Policy, and provision of new guidance and support, met the requirements of a number of findings.
38. Outstanding actions reflect longer-term timescales required to develop new online training for all officers, and to explore alternative software solutions for risk registers, which is already in progress.

### **Future Work**

39. Work continues to implement the new Risk Management Policy and to improve risk management processes across the Council.

40. The format of the strategic risk summary reported to Cabinet is being updated to incorporate feedback from our external auditors, Grant Thornton, including mapping of strategic risks to the Business Plan and alignment with the new Risk Management Policy.
41. The Strategic Risk Working Group will ensure that the Internal Audit Action Plan is fully implemented and will seek to establish a new operational risk working group, aimed at sharing best practice and ensuring consistency in risk management across the Council.
42. As noted above, the Strategic Risk Working Group is undertaking a review of strategic risks to ensure that they best reflect the Council's risk profile and capture significant threats to the Council's strategic ambitions and priorities.
43. Work to implement the new Risk Management Policy has encouraged a renewed focus on service level and emerging risks, with new and emerging risks being identified in team workshops across Directorates.
44. Alternative software solutions are being explored for use managing risk registers, to improve processes for monitoring risk mitigations, to meet demand for more mature and sophisticated risk management processes, and to improve linkage between tiers of risk register.
45. A re-audit by the South West Audit Partnership has been requested, with an aim to confirm that risk management processes have been suitably improved, and to identify future avenues for ongoing improvement.

### **Overview and Scrutiny Engagement**

46. As described above, the role of the Audit and Governance Committee, in relation to the risk management process, is to monitor and review the effective development and operation of risk management. Review of the risks themselves (the contents of the risk registers) is the responsibility of the Overview and Scrutiny Management Committee.
47. As previously noted, the Overview and Scrutiny Management Committee received an online briefing on the new Risk Management Policy in May 2024. This aimed to explain changes in how risks are being managed to support the Committee's role in understanding strategic risk reports and scrutinising the risks themselves.

### **Safeguarding Implications**

48. This report covers internal processes and how information relating to risks is managed within the Council, rather than the risks themselves. There are no safeguarding implications as, although some of the risks identified may relate to safeguarding, the purpose of the Risk Policy and risk management processes is to ensure that all risks, including those relating to safeguarding, are identified and that appropriate mitigating actions are put in place.

### **Public Health Implications**

49. There are no public health implications as, although some of the risks identified may relate to public health, this report covers internal processes and how information relating to risks is managed within the Council, rather than the risks themselves.

### **Procurement Implications**

50. There are currently no procurement implications. However, an agreed action in response to the Internal Audit Action Plan is to explore alternative methods to using Excel for risk management. Advice will be sought from the Strategic Procurement Hub if any potential specialist risk management systems are identified.

### **Equalities Impact of the Proposal**

51. An Equality Impact assessment (EqIA) has been completed on the proposed Risk Management Policy. A low equality risk score was calculated, with the only identified impact relating to accessibility of the document.

52. Care has been taken to ensure that the document complies with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018: The move away from the traditional traffic light system of using red and green ensures that colours and contrasts can be differentiated between by those with visual impairments. The colours chosen are based on the Office for National Statistics recommendation for visualising categories with an order.

### **Environmental and Climate Change Considerations**

53. Although some risks identified may relate to the environment and climate change, this report covers internal processes and how information relating to risks is managed within the Council, rather than the risks themselves. This report therefore has no direct implications for energy consumption, carbon emissions, or associated environmental risk management.

54. However, environmental and climate change considerations have been incorporated into the examples for scoring risk likelihood, acknowledging that although the effects of climate change will be felt over longer timescales, whilst actions to mitigate them will be required in the shorter term.

55. A new environment category has been created, allowing for a designated risk appetite level to be assigned to environmental risks. The environment risk category has also allowed for examples of different levels of impact to assist with scoring environmental risks.

### **Workforce Implications**

56. Officers responsible for risks, either as risk owners or with responsibility for reviewing risk scores and updating risk registers, have been asked to review and re-score risks on the new 5x5 scoring matrix. This work is being conducted within existing capacity as part of their responsibilities for risk management.

57. Development of guidance and provision of support to assist officers has been supported by existing workforce capacity within the Executive Office.

### **Risks that may arise if the proposed decision and related work is not taken**

58. No decision is required as this report seeks only to update the Committee.
59. However, ineffective risk management processes may result in uninformed decision making or unforeseen exposure, resulting in failure to achieve key priorities and objectives.

**Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

60. As no decision is required there are therefore no risks associated with accepting this report.

**Financial Implications**

61. No additional budget is currently required to transition to the new Risk Management Policy, nor to continue implementation of the Internal Audit Action Plan.
62. It is noted that a well-functioning risk management framework has the potential to reduce insurance claims and lower renewal premiums.

**Legal Implications**

63. Risk management is integral to the Council's corporate governance arrangements set out in Protocol 9 of the Council's Constitution.
64. In addition, Part 3 of the Council's Constitution assigns responsibilities for risk management to the Council Leader and to the Cabinet Member for Finance, Procurement, IT and Operational Assets.
65. Further, Part 9 of the Council's Constitution assigns specific responsibilities for risk management to the Chief Finance Officer and to the Director of Legal and Governance.
66. As part of the Council's role in the Local Resilience Forum, we have a legal responsibility with other Category 1 responders including Police, Fire, Environment Agency and others to plan and prepare for taking a co-ordinated approach to emergency events and regularly assess the risk of an emergency occurring.

**Options Considered**

67. There are no proposals arising from result of this paper as it provides an update from the Executive Office to the Audit and Governance Committee.

## Proposals

68. To note the status update on the Council's risk management framework.

**Perry Holmes, Director of Legal and Governance**

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July 2024

# Wiltshire Council

Report of Internal Audit Activity

Progress Report 2024/25 – July 2024

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Agenda Item 7

## Executive Summary

As part of our update reports, we will provide an ongoing opinion to support our end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks.

The contacts at SWAP in connection with this report are:

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SWAP is an Internal Audit partnership covering 25 organisations. Wiltshire Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

For further details see:  
<https://www.swapaudit.co.uk/>



### Audit Opinion, Significant Risks and Audit Follow Up Work

#### Audit Opinion

Based on the outcomes of recent reviews completed, we recognise that generally risks are well managed. We have identified some gaps, weaknesses and areas of non-compliance within our work however, with implementation of the agreed audit actions, we are able to offer an ongoing **reasonable opinion**.

Since the last report to this Committee, we have not issued any limited or no assurance opinions on areas and activities we have been auditing.

#### Significant Corporate Risks

There are three, previously reported, significant corporate risks:

- Pension Fund Key Controls;
- Pension Payroll Reconciliation Project; and
- ICT Network Boundary Defences

We have undertaken a full review of the **Pension Fund Key Controls** and are pleased to report that significant progress has been made towards mitigating the risks identified in the previous review. We provided the Pension Fund with a Reasonable assurance opinion, and they continue to focus on the work required to fully mitigate the risks. We have given a low organisational risk assessment and, whilst we continue to monitor to ensure the implementation of agreed actions, we no longer need to report to this Committee as a significant corporate risk. We have provided the Executive Summary from the One Page Report for the Committee at Appendix A.

During the Key Control work we followed up on the **Pension Payroll Reconciliation Project** which we reported previously that a self-assessment indicated the work was complete and therefore the risks mitigated. We have now been able to review the supporting evidence and can confirm that this risk has been mitigated and reconciliations are being carried out on a regular basis going forward.

Finally, regarding the **ICT Network Boundary Defences** significant risk, we have undertaken a piece of follow up work and are pleased to report that work is in progress and the long-term project remains a key focus of the ICT team. Further details are available in Appendix A of this report.



Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



SWAP Internal Audit Plan Coverage

The table below, captures internal audit coverage, mapped against the Authority’s strategic risks since January 2023. Furthermore, we have then overlaid the audit assurance outcomes of those risk areas that we have reviewed. The Council’s Strategic Risk Register is reported to Cabinet and should be considered alongside this table.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits
WC EN02 - Not on track for the Council to be carbon neutral by 2030	Some	Reasonable
WC EN03 - Increasing vulnerability to climate impacts	None	
WC ES02 - Unable to meet demand for special educational needs or disability (SEND) school provision	None	
WC FI06 - Budget Management	Good	Reasonable
WC FI12 - Income Collection	Adequate	Reasonable
WC IT03 - Cyber Resilience	Adequate	Reasonable
WC LG08 - Information Governance	Some	Reasonable
WC LG22 - Impact of negative media/social coverage on the Council	Some	Reasonable
WC PC01 - Limited capacity in the social care market	Some	Reasonable
WC PC02 - Increasing cost of social care	Some	Substantial
WC PH01 - Corporate Health, Safety and Wellbeing	Some	Reasonable
WC PL02 - Failure to manage housing developing	Some	Reasonable
WC R08 - Failure in Safeguarding Children	Some	Reasonable

Whilst we are reporting a gap in coverage against the strategic risk for **SEND (ES02)** this is in part due to the data available within our audit system. We have previously completed work in this area, prior to the introduction of AuditBoard, and following the appointment of the new Director of Education and Skills we have a programme of work in our rolling plan which will likely begin from September onwards.

The identified gap for the strategic risks relating to **climate impact (EN03)** does not currently have any internal audit work programmed against it. However, the Council reported to Cabinet in February that the Climate Adaptation Plan is under review and will identify what work is required to prepare the Council and the County for these climate impacts. We continue to liaise with the Environment service following on from our Climate Change review and will continue to assess whether any work in this area is required and valuable to the Council.

There has been one key change to this coverage table since it was last presented, Hospital Discharges is no longer being reported as a strategic risk for the Council.

There is work being undertaken by the Risk Working Group within the Council which is likely to result in some further key changes to the strategic risk register. We continue to work with the Corporate Directors and Directors to ensure that we provide comprehensive coverage of the Council's risks, and that our work aligns to the Council's Business Plan objectives. As always Members and Senior Officers of the Council are able to view our live rolling plan dashboard through SWAP's audit management software, **AuditBoard**, at any time.

If you choose to view our rolling plan dashboard in AuditBoard, you will be able to view our coverage split in ways other than just the strategic risks of the Council including by Corporate Priority. There is also the facility to drill through (right click within the coverage boxes) to view the audits that have contributed to that coverage and average opinion.

We review our performance to ensure that our work meets our clients' expectations and that we are delivering value to the organisation.

SWAP Performance Measures

Performance Measure	Performance
<b>Overall Client Satisfaction</b> <i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i>	98%
<b>Value to the Organisation</b> <i>(Client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i>	100%



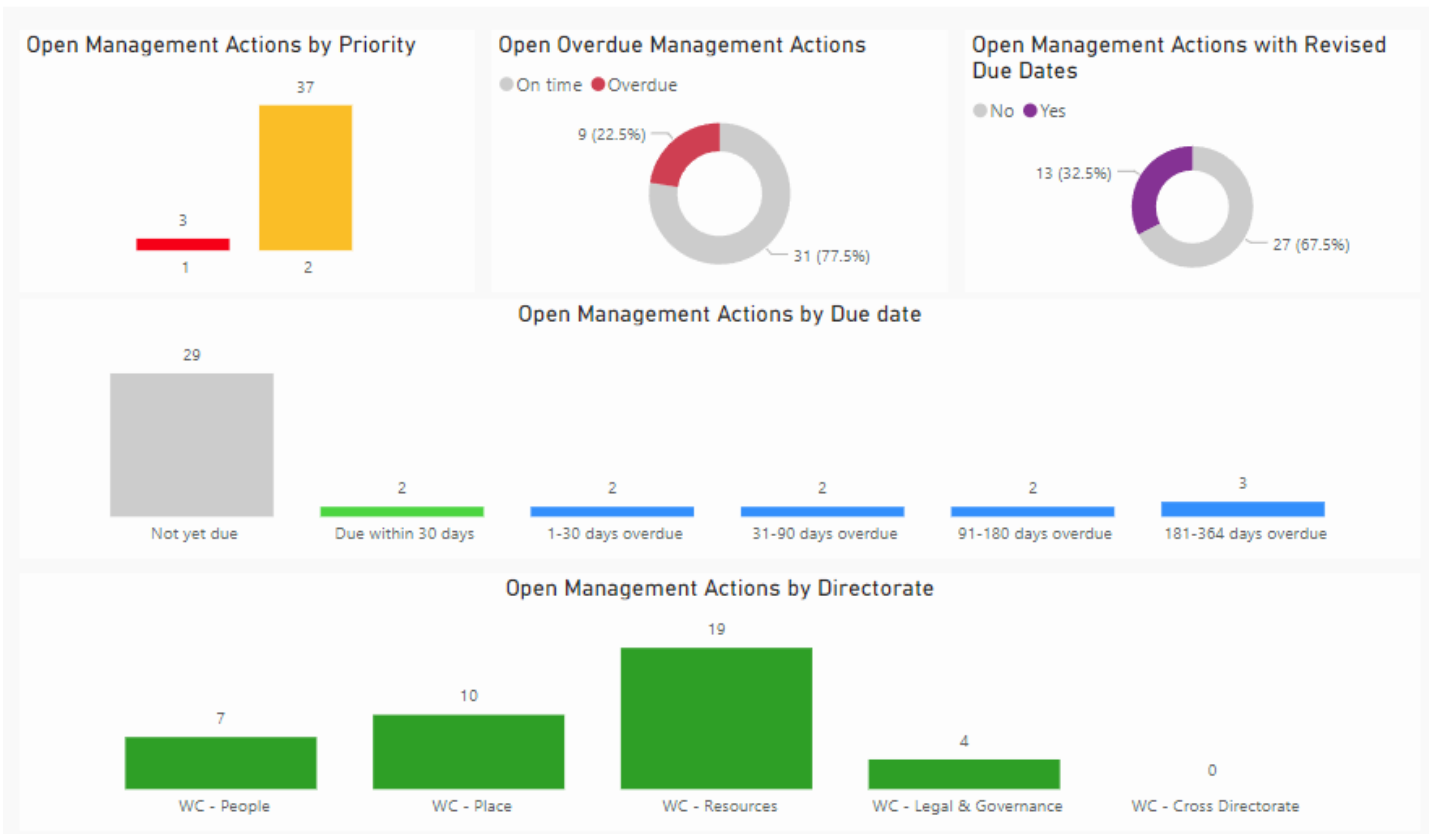
Scope	Professionalism and Conduct	Communication, Timeliness and Findings	Value	Demonstrating our Values
100%	98%	97%	100%	98%

We monitor the Council's performance on implementation of agreed actions.

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Implementation of Audit Actions (as of 12<sup>th</sup> July 2024)

**Executive Dashboard - Management Actions** 



**Added Value**

**‘Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.’**

**Added Value****CiFAS**

We continue to work with the Council to identify and support services where use of the CiFAS data matching service could bring benefits.

Since the last report to this Committee, we have:

- Worked with the Procurement service to identify how they could utilise CiFAS and will be commencing support on this activity once the new Procurement Act is live.
- We are exploring the use of the Insider Threat Protect database with HR&OD.
- We have agreed to proceed with the use of CiFAS in the Housing and Homelessness services.
- We are exploring the use of CiFAS within Economy and Regeneration for Business Grants.



There are a number of other areas which have successfully implemented the use of CiFAS at other SWAP partners which we will be working to roll out within Wiltshire.

**Added Value Activities**

Since our last report to the Committee we have continued to develop our use of AI to assist us in new audit areas. SWAP was highly commended on the AI tool it has developed and implemented at the June Institute of Internal Auditors Audit & Risk Awards.

**Newsletters and updates**


SWAP regularly produces a newsletter and other relevant updates for partners such as fraud bulletins, which provide information on topical issues of interest.




**Wiltshire Pension Fund Key Controls Review – Final Report – June 2024**

**Audit Objective** To ensure that there is an effective control framework over pensions administration key controls.

**Executive Summary**

	<b>Assurance Opinion</b>	<b>Management Actions</b>	<b>Organisational Risk Assessment</b>								
	The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives in the area audited.	<table border="1"> <tr><td>Priority 1</td><td>0</td></tr> <tr><td>Priority 2</td><td>3</td></tr> <tr><td>Priority 3</td><td>2</td></tr> <tr><td><b>Total</b></td><td><b>5</b></td></tr> </table>	Priority 1	0	Priority 2	3	Priority 3	2	<b>Total</b>	<b>5</b>	Low
		Priority 1	0								
		Priority 2	3								
		Priority 3	2								
<b>Total</b>	<b>5</b>										
Our audit work includes areas that we consider have a low organisational risk and potential impact.											
We believe the key audit conclusions and any resulting outcomes still merit attention, but could be addressed by service management in their area of responsibility.											

**Key Conclusions**

 <p>The Fund has made significant progress since the last audit was undertaken. Work has completed on seven of the ten outstanding actions from the January 2023 Key Controls review. Two actions relating to quality assurance and new enrolments having been superseded by new actions which reflects the progress in these areas. The final action has stalled due to issues with the Council's Oracle system reporting capabilities. One key area of progress is in relation to the historic aggregation and ongoing backlog. The Fund has made significant progress in the quality of their KPI monitoring and reporting and this, along with the KPI Improvement Plan and scheduled reporting to Committee, provides the assurance that there is now adequate oversight of the backlog and plans in place to address it.</p>	<b>Audit Scope</b> We reviewed the following key control areas: <ul style="list-style-type: none"> <li>• Enrolment of new scheme members;</li> <li>• Incoming and outgoing payments;</li> <li>• Amendments to member records;</li> <li>• Management of active pensions;</li> <li>• Monitoring of complaints;</li> <li>• Monitoring and reporting;</li> <li>• Risk management;</li> <li>• Pension Fund projects; and</li> <li>• Quality Assurance processes.</li> </ul>
 <p>Two new priority 2 actions have been agreed which relate to enhancing and improving the current risk management framework to address the gaps identified and align with the Council's revised risk management framework and further action is required to ensure Quality Assurance processes are robust and effective.</p>	
 <p>We have superseded the previous priority 3 action relating to onboarding employers onto I-Connect with a new agreed action looking at considering implementing administration charges and interest on late payments, and the continued onboarding of the remaining employers to I-Connect. We have also agreed a new priority 3 action which looks to improve the reporting on complaints.</p>	

**Other Relevant Information**

There is no workflow within Altair for carrying out a change of bank details. This means that a report cannot be run to identify any amendments to bank details that have been carried out, and we were therefore unable to complete any testing in this area.

During our sample testing, we noted a transfer out where an incorrect calculation was used when paying the other Fund, that was identified by the receiving Fund and promptly rectified. We were informed by management that an issue was picked up in the standard transfer out process last year where an incorrect date was being used in the calculation. This was resulting in the occasional incorrect calculation. Management have since clarified the correct process with Heywood and are satisfied that this will not be a problem going forward.

Four actions were agreed as part of this review and one Priority 2 action remains in progress from the previous review. Details of the new and existing agreed actions are attached in Appendix 1.

Unrestricted Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found here ([www.swapaudit.co.uk/audit-framework-and-definitions](http://www.swapaudit.co.uk/audit-framework-and-definitions)).

Network Boundary Defences Progress Report – Final Report – June 2024



**Objective** To assess completion of agreed actions from our Network Boundary Defences audit.

Follow Up Progress Summary				
Priority	Complete	In Progress	Not Started	Summary
1	0	1	0	1
2	1	1	1	3
3	2	0	0	2
<b>Total</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>6</b>

**Follow Up Assessment**  
 Three of the six remaining actions have been completed. Two are in progress and are part of a project plan due to be completed in April 2026. One action has not been started but is due start in June 2024. Work to address all actions will not be completed until April 2026 due to some requiring a large infrastructure upgrade project to complete.

**Key Findings**

- VPN Connections to remote sites are now no longer using the identified weak hashing algorithm (MD5) and have been upgraded. The firewall configuration was reviewed to confirm this.
- Two actions were completed in August 2023. Logs from the main firewalls were agreed not to be brought into the Security Incident and Event Management (SIEM) solution, and the risk was accepted. Investigated security incidents are recorded to provide insights on previous incidents and potential actions to address them.
- Replacement of out of support network hardware is a large piece of infrastructure upgrade work and will take time to complete (April 2026.) The project is underway, with a project plan available to provide an overview of the project stages. The current stage in the project plan is Equipment Delivery and Soak Testing (testing under typical production load for a continuous period) as well as configuration and deployment at main sites.
- Upgrade of network equipment firmware will be completed in 2 stages. The first stage will upgrade all equipment relating to the core network. This is currently in the preparation phase and is due to be completed by October 2024. Other items requiring firmware upgrades will be addressed as part of the replacement of out of support hardware. These items will be installed with the latest available firmware. Depending on item location this may take up to April 2026.
- An Information Asset Register exists but requires updating. The Record of Processing Activity (RoPA) was to be incorporated into it. However, due to resource and capacity issues within the Information Governance team, this action has not been started. It is due to be picked up by a new member of the team joining in June. The completion date for this action has been extended to December 2024. As the new Data Protection and Digital Information Bill was not taken forward before the dissolution of Parliament, the RoPA will remain a legal requirement, and this action should be addressed as soon as possible.

**Summary**  
 The ICT Team are working hard to address five of the six the actions above. There is a project manager in place for the network upgrade work above who can provide updates on the project status. Critical network elements are being addressed first which can be seen in the project plan for both work packages. The remaining action sits within the Information Governance team and work to address the risk has not yet commenced.

Unrestricted

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found here ([www.swapaudit.co.uk/audit-framework-and-definitions](http://www.swapaudit.co.uk/audit-framework-and-definitions))



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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**Wiltshire Council**

**Audit and Governance Committee**

**23 July 2024**

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## **Annual Governance Statement 2023/24**

### **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 2023/24 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 2023/24. 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 2023/24.

**Andy Brown**  
**Deputy Chief Executive and Corporate Director Resources**

**Perry Holmes**  
**Director of Legal and Governance (Monitoring Officer)**

**Lizzie Watkin**  
**Director of Finance & Procurement (Section 151 Officer)**

**Tamsin Kielb**  
**Director of Human Resources and Organisational Development**

**Annual Governance Statement 2023/24**

**Purpose of Report**

1. To consider the Annual Governance Statement for 2023/24.

**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 2023/24. 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 2023/24.
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 2023/24, 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 2023/24. Here is the latest update:

### Summary of improvements suggested in 2022/23

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

AGS improvement actions	Current Status	
<p><b><i>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'.</i></b></p>	<p>With the planned introduction of the Procurement Act 2023 in October 2024 there will be a requirement placed upon the Council to formally report at a national level contract performance where it is deemed to be poor, for those contracts deemed in scope as set out in the Procurement Act 2023. Additionally, for certain contracts, there will be a requirement for the Council to publish, annually, performance against some Key Performance Indicators. A project plan has been developed, which includes things such as a toolkit and training development. During February 2024 briefings will start to take place. A review of approvals boards will also take place to ensure that decisions around contract performance are treated consistently across the organisation.</p> <p>A Socially Responsible Procurement Policy and associated action plan was agreed by Cabinet in November 2022. That policy is used and referenced in procurement activity. Work is now underway to ensure that Social Value ask within specifications links to the objectives of the Council.</p> <p>Monitoring of Social Value and its delivery will also be picked up as part of the Contract Management and performance activity as outlined above.</p>	<p><b>LW</b> <b>DB</b></p>

<b><i>Continue activities to embed all of the elements in Our Identity across the organisation.</i></b>	This is an action on the workforce strategy action plan which is being monitored through Performance Operating Group. Activities include staff recognition events/awards linked to Our Identity, chief exec and heads of service forums briefings to reinforce expectations, learning programme designed around this and ongoing staff communications.	<b>TK PM</b>
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**Principle B - Ensuring openness and comprehensive stakeholder engagement**

<b>AGS improvement actions</b>	<b>Current Status</b>	
<b><i>Develop a renewed framework for working with the Voluntary and Community Sector</i></b>	<p>A joint WC and VCS conference will be collaboratively delivered in November 2024 to continue renewal of the framework. This will commence a programme of engagement focusing on the strategic A co-produced strategic workshop took place in September 2023, between WC and VCS regarding the way in which the local authority delivers its commissioning processes and engagement.</p> <p>An update on Community Conversations was provided at Public Service Board – with full partner engagement and expansion of programme underway to three further areas.</p> <p>VCS reps are now included on HWB, WPSB &amp; ICA and we are looking to include them in BSW C&amp;YP Programme Board.</p>	<b>DR RS</b>
<b><i>Implement a council-wide system for publishing officer decisions in line with the Openness of Local Government Bodies Regulations 2014</i></b>	<p>The Democracy and Governance teams will be taking steps this year to roll out further support to council decision makers to embed the practice of submitting records of officer decisions for publication.</p> <p>Officer decision making guidance has been developed which sets out the process to be followed for recording and publishing decisions, which will be published on the Council’s Intranet as part of the further support provided to council decision makers.</p>	<b>PH JM KE</b>
<b><i>Review the role and function of Area Boards so that they add maximum value to our place shaping ambitions.</i></b>	<p>Progress against this action is linked to activity on Place Shaping. The role and function of the Area Boards in terms of Place Shaping is being considered by the emerging place shaping board.</p> <p>High levels of grant funding leverage were achieved in 2023/24. For every £1 invested, an additional £5.14 was contributed from other sources. An Area Board grant funding Power BI dashboard has been introduced to support evidenced based decision making.</p> <p>A revised SDAT policy has been trialled with Westbury Town Council and learning will be taken from that process to inform future decisions around the SDAT policy and programme. Initial findings suggest that local councils are interested in the look and presentation of local spaces and therefore a more focused approach would be around services for that locality. Consideration is being given to the budget and resource implications of further or accelerated transfers particularly service based transfers.”</p>	<b>DR RS</b>

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

AGS improvement actions	Current Status	
<p><b><i>Develop a more clearly articulated strategic narrative of place, using the Local Plan as key spatial narrative.</i></b></p>	<p>The emerging draft Local Plan (approved by Council) has been subject to public consultation in autumn 2023. This provides a spatial vision, settlement and delivery strategy which will inform place-shaping for the future of Wiltshire. The Local Plan will be reported back to full Council in autumn 2024, which will pave the way for submission to the Planning Inspectorate in December 2024.</p> <p>Together with the development of the Local Transport Plan (LTP), this will provide the key spatial narrative.</p> <p>A Place Shaping framework is in development. Governance structures have been established (including a Place Shaping Board) and are aligned to principal settlements. Programme reporting mechanisms established.</p> <p>The May 2023 planning peer review provides suitable assurance on direction of travel. A transformation programme has been established to ensure the service is structured to deliver on Planning both in terms of development Management and future special/strategic planning for the council. Delivery of Local Plan will be at the centre of the council’s new Place Shaping strategy.</p> <p>The Local Enterprise Partnership has been integrated, and a new economic strategy is being developed.</p> <p>Wiltshire Developers Forum has been piloted, discussing potential applications with key consultees to support the development of good quality applications. To date the pilot forum has seen 2 Wiltshire businesses looking to develop and the lessons learned from this process are being reviewed to inform a model going forward.</p>	<p><b>PK NT VM</b></p>
<p><b><i>Create a county-wide strategic partnership board to oversee an Economic Strategy for Wiltshire</i></b></p>	<p>Integration of the Local Enterprise Partnership has taken place, and new structures for business engagement are being established.</p> <p>An Economic Advisory Board has been recruited and the first meeting is due to take place in Summer 24. The board contains representation from key business groups and sectors, to oversee development of growth policy and future interventions.</p> <p>Wiltshire’s draft economic strategy is being adapted to these new requirements and the input of this new advisory board. The local prospectus have been adapted to support the delivery of investment priorities in line with the guidance.</p>	<p><b>PK VM</b></p>

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

AGS improvement actions	Current Status	

<p><b><i>Consider how developing a comprehensive Asset Management and Capital Investment Strategy could support future transformation and place shaping ambitions and inform future budget decisions</i></b></p>	<p>Capital Programme Improvement Board established to have greater oversight over existing and in year planned spend.</p> <p>Service delivery plans and transformation will identify capital requirements and associated payback/costs, this will be further improved together with longer term planning around all council assets in coming and future MTFS cycles.</p> <p>Asset categorisation has been completed, which will enable identification of potentially surplus assets via service reviews and greater emphasis on where services or communities have a need for asset rationalisation/ enhancement or addition. This will be built into the MTFS cycle to allow for longer term planning on service delivery, transformation that require either maintenance of existing or rationalisation/addition of assets (assets being all e.g. IT, buildings, fleet).</p> <p>Intention to progress a renewed strategic asset dialogue with public sector partners has been impacted by lack of capacity from One Public Estate and Cabinet Office co-ordination support. However specific asset and location based discussion will continue as required through local networks. Capacity is being developed to capture future asset requirements from Council services to inform planning and the creation of a new Asset Management Strategy. External support with this process is also being explored. However extensive asset management case work and active strategic asset management continues to take place. Improvements to linkages, reporting and processes between Capital programme oversight, Asset management strategy and programmes, and Transformation portfolio oversight being explored.</p>	<p><b>AB LW JB</b></p>
<p><b><i>Continue to ensure the approach to transformation is embedded and understood across the council.</i></b></p>	<p>We are promoting understanding of the gateway process, financial input required and the governance of transformation, and continue to draw on the lessons learned from recognised successful transformations and partnerships such as FACT and Adult Transformation, as well as introducing a resident-derived principles into service planning based on our work on Community Conversations.</p> <p>Significant revisions to the Transformation Planning Group (TPG) process are underway in response to feedback from both service users and TPG members. These improvements aim to significantly reduce the lead time between proposal and action, and make better use of technology and automation tools – prototype is in development at time of writing.</p> <p>New Programme Pipeline status reporting dashboard created for Transformation Board members is now being used.</p> <p>Transformation team structure has been reviewed and implemented to ensure it meets the needs of the Transformation “offer” to services, with new roles introduced to increase the breadth of skills available for each project.</p> <p>A suite of interrelated strategies is in development through collaboration between ICT, Transformation and IG. This includes Digital, Transformation, Cyber Security, AI, and Data strategies. These strategies are informed by the output from our Transformation programmes to ensure cross-visibility, for example the Tech-Enabled Care workstream of</p>	<p><b>SH PH MN</b></p>

	our Adult Social Care transformation programme has a direct input into how ICT service is shaped to provide support to vulnerable residents using the technology, resulting in a proposal to make our ICT service provision accessible to these residents directly, i.e. a new external ICT support offer.	
<b><i>Focus on wider external partnership opportunities that will help take Wiltshire forward</i></b>	<p>Meetings with ICB and LA CEOs and other officers continue, highlighting the need for alignment in commissioning wherever possible. We continue to lead and participate in forums such as SW ADCS, SW ADASS and national conferences.</p> <p>Successful DfE bids to pilot new innovations continue, the latest being the involvement of CAFCASS in pre-proceedings. We are also through to stage 2 of the fostering recruitment and retention pilot, which is a lead role for the South West.</p> <p>Good practice example in children’s social care published in CCN Spotlight. Participation in networks continues, with the notable additions of hosting the LG Challenge and participating in the SW Challenge.</p> <p>Early discussions continue with neighbouring authorities in the context of the shifting devolution agenda, with central government officials appraised as appropriate. This may lead to further discussion on shared services in due course.</p> <p>The council is supporting peer challenges across the country.</p>	<b>AB</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>	<p>General Guidance on the council’s decision-making processes has been developed and is available on the corporate intranet.</p> <p>Directors and Heads of Service were briefed in 2022 when the Guidance was rolled out. The Democracy and Governance teams will be launching refresher training on decision making this year.</p> <p>The Democracy and Governance teams will also be promoting and implementing new processes for recording and publishing decisions together with further guidance for officers.</p>	<b>PH JM</b>
<b><i>Measure the impact of the leadership and development programme and other interventions on retention and promotion.</i></b>	This is included in HR&OD Performance Operating Group (POG) metrics, and will be reviewed bi-annually to ensure high-performance.	<b>TK</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>	
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<p><b>Review the corporate assurance framework for performance, risk and service delivery</b></p>	<p>A comprehensive review of risk management processes, including a detailed internal audit, has taken place.</p> <p>A new risk Policy has also been approved by Cabinet.</p> <p>Good progress is being made implementing the agreed action plan, including the launch of an improved risk register and creation of a new Risk Working Group.</p> <p>An update on the revisions to the risk policy will be provided as a separate part of the agenda.</p>	<p><b>PH</b> <b>MN</b></p>
<p><b>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</b></p>	<p>An outcome-based process has been developed ensuring directorate level service plans link clearly with Business Plan principles. Service planning processes will be used to link priorities, finance, procurement and HR to inform both performance goals and budget setting (including capital required for transformation).</p> <p>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 Business Plan and ensure benefits realisation.</p> <p>As part of service planning and transformation programmes we are including scope for challenge through use of insight and corporate research activity and programme governance. Regular reports on progress with transformation programme are included in quarterly monitoring reports at Cabinet.</p> <p>The culture of collective financial management, open challenge &amp; delivery continues. Testament to this is at the 2023/24 Q1 position the Council is forecasting a small overspend of £311K, with a budget gap, mainly down to inflation, rising to £7m by 2025/26.</p> <p>Saving delivery targets/plans are reported and managed through services and linked in to transformation programmes and POBs/POGs. They are reported to Cabinet as part of the overall budget monitoring reports, detailing progress; which is good at over 84% either delivered or on track.</p>	<p><b>AB</b> <b>LW</b></p>

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

<p><b>AGS improvement actions</b></p>	<p><b>Current Status</b></p>	
<p><b>Review how performance can be communicated to the public to deliver maximum openness and transparency, including financial information as part of this.</b></p>	<p>A new and common approach to communication of performance as well as publishing open data is being explored through our Data &amp; Insight team, and the Oracle project will in time be able to provide new and expanded process performance and compliance measures. Incorporation of appropriate resident engagement is being considered as part of the regular service planning approach.</p> <p>The annual service planning review process was initiated in June 2023. The process included mapping</p>	<p><b>SH</b> <b>MN</b></p>



	<p>planned activities as mitigating actions for corporate and strategic risks, and a review of corporate performance targets. Services identified financial requirements, as well as identifying their planned transformation activities for the period, and anticipated support required from HR, Finance, and Transformation resources.</p> <p>The Executive Office has begun taking an enhanced role in the already successful POB/Gs, improving the groups' use of horizon scanning and drawing on service plans more frequently. There is good Cabinet engagement with data, with standing agenda items proving a success and a good example of officer and elected member cohesion.</p> <p>The Exec Office and BI team are exploring transition of the Corporate Performance Scorecard to a Power BI dashboard.</p> <p>As part of the introduction of a new Risk Policy, a separate Corporate Performance Policy and Strategy is being produced and will be circulated for consultation in 2024.</p>	
<p><b><i>Assess progress in delivery against the revised statutory guidance on the Best Value duty</i></b></p>	<p>Consultation on draft statutory guidance took place, to which Wiltshire Council responded. The final revised statutory guidance has now been issued. This refers to participation in corporate and other peer reviews as powerful means of assurance. Appropriate arrangements are in place to meet the requirements of the guidance.</p>	<p><b>PH MN</b></p>

#### Initials

**AB:** Andy Brown, Corporate Director of Resources and Deputy Chief Executive

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

**PK:** Parvis Khansari, Corporate Director, Place

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

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

**NT:** Nic Thomas, Director, Planning

**JB:** James Barra, Director, Assets

**LW:** Lizzie Watkin, Director, Finance & Procurement

**SH:** Stuart Honeyball, Director, Transformation

DB: Deborah Bull, Head of Procurement

PM: Paula Marsh, HR Senior Strategic Partner

RS: Rhys Schell, Strategic Engagement and Partnerships

JM: Jo Madely, Deputy Monitoring Officer and Head of Legal Services

KE: Kieran Elliott, Democracy Manager

MN: Martin Nicholls, Executive Office

VM: Victoria Moloney, Head of Economy and Regeneration

#### Main Consideration for the Council AGS - Content

- An AGS for 2023/24 is attached at Appendix 1. This will be updated further in the light of the observations of external audit (Grant Thornton) as part of the annual accounts and upon receipt of the annual letter from the Local Government Ombudsman. 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 2023/24.

9. The Annual Governance Statement for 2023/ 24 reflects on the further assurance the council has received for its activities through an Ofsted inspection of arrangements for looked after children which awarded the grade 'Outstanding'; as well as [peer reviews](#) of adult social care; special educational needs and disabilities; a peer review of the libraries service and a [peer review](#) on planning.
10. 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.
11. The Annual Governance Statement includes two statements from the Monitoring Officer as follows:

*"During 2023/24 I have held regular meetings with the Director of Children's Services in her statutory role. In those meetings I have been informed about two decisions 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 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 providers delivering the care have 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 2021/22 and 2022/23 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”*

12. 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.
- 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
- Report annually on the performance of key partnerships to Audit and Governance Committee
- Develop a more clearly articulated strategic narrative of place, using the Local Plan as key spatial narrative.
- 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, and organisational discipline
- Develop a Data Quality Strategy outlining objectives, roles, reporting, security and sharing.
- Continue implementing the new risk management approach and develop a corporate approach to benchmarking and service review
- 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.

13. The Council's external auditors, Grant Thornton, 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 Auditors (Deloitte and Grant Thornton) 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 2020/21 and draft accounts for the subsequent three years.

14. 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.

**Andy Brown**  
**Deputy Chief Executive and Corporate Director Resources**

**Perry Holmes**  
**Director Legal and Governance / Monitoring Officer**

**Lizzie Watkin**  
**Director of Finance & Procurement (S151 Officer)**

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

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Report Authors: Andy Brown, Perry Holmes, Lizzie Watkin, Tamsin Kielb and David Bowater.

### **Appendices**

Appendix 1 Wiltshire Council's Annual Governance Statement 2023/24

# **Wiltshire Council**

## **Annual Governance Statement 2023/24**

## **Introduction**

Wiltshire Council is a local authority that is responsible for providing services to over half a million residents, tens of thousands of varied businesses and over a million visitors per year. It aims to create a thriving economy, resilient society, sustainable environment and empowered people and this approach underlines everything we do. The Council secures funding from national government, local taxation and charges. So, as a public body, it needs to have a strong governance and assurance framework to make certain 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.

This statement reflects how Wiltshire Council has met those standards in 2023/24 and beyond; as well as the ongoing actions it is taking to maintain and improve its governance arrangements. Evidence of how we have assessed ourselves has been grouped into sections as set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its publication 'Delivering Good Governance in Local Government Framework (2016)' and is consistent with the Local Code of Corporate Governance.

## **Approval of the Annual Governance Statement 2023/24**

We are satisfied that this statement provides a substantial level of assurance that good governance is in place in Wiltshire Council and that appropriate arrangements are in place to address improvements identified in our review of compliance. Progress on these improvements and on addressing and mitigating the risks will be monitored through the year by senior officers and the Audit and Governance Committee.

xxxxxxxxxxxxxx  
Chief Executive

Cllr Richard Clewer  
Leader of Wiltshire Council

September 2024

The Local Code of Corporate Governance provides a means of demonstrating that a sound level of governance is operated. This local code acts as a means of assurance, but also a mechanism for achieving continuous improvement. This approach is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework. The principles are set out below:



The following pages set out a summary of the key governance controls, mapped against the CIPFA principles. These are supported by case studies to help demonstrate where positive improvement action has already been taken, and a note of improvement actions that the Council will take.

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

Respect for the rule of law

The Council’s [Constitution](#) 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 kept under review by the Standards Committee who request the Constitution Focus Group to review sections. In 2023/24 this included reviewing the procedural rules for Cabinet, Overview and Scrutiny Committees, access to information procedures, and arrangements for the Policy and Crime Panel

The Constitution includes at Part 12 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 website in accordance with the requirements of the Code of Conduct and underlying legislation. Following a year of operation the Council made further changes to its Code of Conduct in October 2023, and began a review of the arrangements for dealing with Code of Conduct.

Behaving with integrity

The Council publishes and promotes a code of conduct for its staff alongside **‘Our Identity which is a framework, embedded through the employee lifecycle**, that sets out expectations for how staff and managers are expected to lead, work and act to deliver services

There is a process for dealing with complaints under the codes 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 [online](#). In 2023-24, 59 complaints were received; 11 regarding Wiltshire Council members and 48 regarding members of town, parish or city councils. Four complaints were referred for investigation with breaches found in two cases. An [annual update](#) from the Standards Committee has been provided to full council.

Strong commitment to ethical values

Ethical considerations are also evident in the Council’s procurement activity. A Socially Responsible Procurement Policy (SRPP) has been created and adopted. Procurement activity should achieve value for money, support the growth of our local economy, promote fair pay (tackling modern slavery) and support the protection of our environment.

The Council has continued a ‘Positive Conduct, Positive Democracy’ campaign, promoting fair and ethical good conduct amongst local council members and clerks in Wiltshire.

**How we can improve**

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.



## Principle B - Ensuring openness and comprehensive stakeholder engagement

The Council makes available a range of important information on its website including its strategic aims and ambitions in its published [Business Plan](#) and via its [publication scheme](#). The council has arrangements for dealing with requests under Freedom of Information laws. In 2023/24 there were 1766 requests with 93% responded to within 20 days.

**Public engagement** plays a key part in the decision-making process, across the full range of council services. Key consultations and public engagement campaigns undertaken during 2023/24 include: the Local Plan (Reg19); Local Cycling and Walking Plans for Calne, Melksham, Chippenham, Devizes and Trowbridge; moving traffic enforcement; Public Transport; Salisbury Public Protection Order; Air Quality Action Plan; Design Guide; Highways Matters; Ask the Leader; SEND strategy; Community Area priorities; a new carers service; Chippenham One Plan Public Consultation

Wiltshire Council's 18 **Area Boards** involve the local community in decision-making within the agreed scheme of delegation. The Area Boards facilitated 72 business meetings, 97 engagement events and 150 working groups to support the collaborative delivery of an agreed set of local priorities. Priorities are evidenced based and directly linked to the Wiltshire Council business plan, regarding themes such as young people, transport, cost of living, older people, health and wellbeing and economic

The council's [Statement of Community Involvement](#) (approved by Full Council in July 2020) sets out policy for engaging the community and other stakeholders in the preparation of Wiltshire's planning policy documents and in the consideration of planning applications. Timely, open, officer decision making is in place with the ability for local councillors to call-in **planning** decisions to committee in response to local concerns. A strategic planning committee oversees particular significant issues.

Committee meetings are open to the public, and **agenda papers and minutes** are available on the internet in various formats along with forward work plans/ calendars.

The Council supports a range of partnerships including: the [Health and Wellbeing Board](#), promoting integrated working between the council and the NHS; the [Wiltshire Police and Crime Panel](#) which scrutinises decisions of the Police and Crime Commissioner (joint committee with Swindon Borough Council); and has integrated the work of the Swindon and Wiltshire Local Enterprise Partnership into the council. A council director now chairs the [Local Resilience Forum](#) which has also been peer reviewed. The council engages the military through various structures to ensure the Armed Forces Covenant is applied in service provision. Membership of the groups is kept under review as legislation, roles and responsibilities change.

The **Wiltshire Compact** is an agreed set of guidelines and principles to foster good working relationships between the voluntary sector and the public sector. The council has commenced work with the voluntary sector on a new strategic framework, which will identify the current areas of positive practice and where future improvements can be made.

**Officer decisions** are published [online](#) in some circumstances including when cabinet members delegate implementation of decisions to officers. A training module is being prepared for rollout in 2024/25 to increase the level of officer decision publication, including those arising from discussion at programme boards.

### How we can improve

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  
Report annually on the performance of key partnerships to Audit and Governance Committee

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

The [Business Plan](#) 2022-32 outlines the guiding themes, missions and outcomes set to be delivered through service plans and by working with partner organisations and local communities. Service delivery plans are refreshed on an annual basis.

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)**. These also inform community led action planning and other schemes.

Following the publication of the report of the Local Government Association's **Peer Review** on Wiltshire Council in 2022, an [action plan](#) was developed and also considered by the Overview and Scrutiny Management Committee. A short follow up visit from the LGA took place later in 2023 with recommendations incorporated into the Annual Governance Statement

**Community facilities** have a key role in supporting people to live more active and fulfilled lives. The campus programme has provided sustainable assets for towns that provide a place, facilities and services that help to combat isolation and loneliness and increase opportunities for social interaction; and in so doing build strong communities. Several campuses have been completed already including Calne in November 2020 and Cricklade in February 2021. New facilities have now opened in Melksham and £25m has been allocated for a new building in Trowbridge, with consultation underway on the East Wing site opposite County Hall.

Defining outcomes

A [Local Development Scheme](#) sets out the timetable for updating the council's Local Plan to 2038. Consultation completed on the draft Wiltshire Local Plan review during 2023 and good progress was made on the draft Gypsies and Travellers Development Plan Document with consultation planned in 2024. Both plans are set to proceed to examination by start 2025.

Investment in transformation of **adult social care (TASC)** has delivered assistive technology; an expanded shared lives service; development of Wiltshire Support at Home and the Wiltshire Living Well at Home Service. A pilot on a new system-wide approach to transitional safeguarding has been led by the **Families and Children Transformation (FACT)** programme. FACT has also led on implementing improved whole-system early intervention and prevention approaches (Family Help) including a Family Hub model currently being rolled out; an innovative Risk Outside The Home pathway; the launch of the Family Drug and Alcohol Court; and a Dads Matter Too project. Strategic Highways and Waste transformation programmes are in progress to deliver the emerging **Depot strategy** to meet new service requirements. Whilst these are two discrete programmes, there are multiple high-impact interdependencies so, in addition to the usual boards, a specific Quality Assurance group is in place to ensure joined-up decisions. Due to the nature of the outcomes sought, both programmes also have Member steering groups to ensure appropriate challenge and oversight of the officer-led delivery.

Parishes throughout the county can continue to request community asset transfers. Significant **service delegation and asset transfer** packages have previously been agreed with Bradford on Avon, Devizes, Chippenham Town Councils and Pewsey Parish Council, Salisbury City Council and Trowbridge town council and a full agreement has recently been reached with Westbury town Council under a revised policy agreed in September 2022. Further exploratory work is now underway with other interested Town Councils under the most recent policy. Requirements for the public estate are likely to evolve further in coming years with related opportunities for capital receipts, jobs and housing.

Sustainable economic, social and environmental benefits

### How we can improve

Develop a more clearly articulated strategic narrative of place, using the Local Plan as key spatial narrative.

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

Regular Performance and financial updates are reported to senior officers and councillors, including scrutiny through the **Financial Planning Task Group** and **Overview and Scrutiny Management Committee**.

The council's [annual budget](#) setting process has seen updates to the Medium Term Financial Strategy, Capital Strategy and ongoing Capital Programme. Work is ongoing on an integrated capital and asset management strategy for future years.

In addition to specific boards in place for major transformation projects, corporate-level oversight of the portfolio of transformation projects is undertaken by the Corporate Leadership Team (CLT) through the Transformation Board, supported with advice from HR and IT. The **Transformation Board** (chaired by the Chief Executive) oversees the resourcing and prioritisation of projects and programmes which contribute to major transformation and delivery of the Business Plan priorities. Reports will be provided to the Cabinet via the quarterly performance monitoring on their ongoing work (Performance Outcomes Board). Certain programmes, such as the Evolve programme to introduce a new Oracle business management system, are subject to specific member-led Scrutiny Task Groups which report progress and outcomes back into the Overview and Scrutiny Management Committee. In 2024, that committee are to introduce a broader Transformation Task Group to look at the overarching transformation processes, controls, governance and outcomes.

The Council took part in the Local Government Association's Corporate **Peer Review** in 2022. The report was published in early 2023 and praised organisational culture and governance, scrutiny and recent improvements to the Audit and Governance Committee. An [action plan](#) has been considered by the Overview and Scrutiny Management Committee. A short follow up visit from the LGA took place later in 2023 with recommendations incorporated into this AGS.

The [Corporate Procurement Strategy](#) (to be reviewed) provides the framework for the council to obtain value and social capital from all of its bought in goods and services. The strategy focuses on identifying and delivering efficiencies, but not at the expense of quality; and developing and embracing the principles of sustainable procurement.

The procurement strategy is used to encourage the adoption of a mixed economy approach, evaluating on the basis of whole life costings and breaking down barriers to participate in council opportunities. Using transparent processes, the council commits to meeting its obligation to ensure that all of our procurement activity addresses relevant social, economic and environmental standards.

The Cabinet Shareholder Group reviewed the business plans for the Council's local housing and development companies on 26 March 2024 and 25 June 2024. The housing company's plan builds on its previous goal of acquiring 250 homes by Year 5, setting a new target of 1,250 homes by Year 15. The development company's plan continues to support the development of four council-owned sites, aiming to deliver 81 new homes. The development company has already purchased two of these sites from the Council to advance their development. In 2023/24, the housing company acquired 71 properties, increasing its total portfolio to 163 homes. With the approval of the 2024/25 business plan, the housing company plans to purchase a further 87 properties - increasing the portfolio to 250 homes and fulfilling the company's initial five-year goal. The development company has begun construction on its first site in Calne, which will provide 9 new homes for residents. It plans to start work on two more sites in 2024/25, bringing another 27 homes to market. In 2023/24, the companies hired three direct employees, bringing their total staff to five. Following the approval of the 2024/25 business plan, further hires will be made to support planned growth. The Stone Circle Energy Company remains dormant.

**How we can improve**

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.

Determining and planning interventions

Optimising achievement of intended outcomes



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

Developing capacity

A workforce strategy has been developed to ensure we have a skilled, adaptive and engaged workforce who collaborate with our partners to deliver our business plan priorities. This strategy has been developed to support us to ensure we have the right people in the right place at the right time with the right skills, capability and behaviours. A corporate action plan and associated KPIs are being finalised, alongside directorate specific plans to ensure delivery against the strategy.

The Employee Experience survey was conducted in early 2023 (next one due in 2025), and focussed on the areas of Employee Engagement, Inclusion and Diversity, and Well-being. Over 97% of the 2,427 respondents understood what was expected of them in their role and wanted to do the best job possible for our communities. Median relationships with colleagues and managers also showed impressive scores of 9 out of 10 indicating positive working relationships. Respondents indicated a Median mental health score of 7 out of 10, and mental health scores were one of the drivers for how likely they would be to recommend us as an employer - we see the mental health of our staff as a priority and continue to develop tools to support those who struggle with it, such as launching Mental Health Advocates, providing resources and counselling. The findings from the survey have provided insights for our services Workforce Strategy Action Plans which are being developed

As well as the training provided as part of induction a range of learning material is made available to staff and councillors online via the Oracle system.

The alignment of service responsibilities to roles at the top of the organisation continues to develop to ensure joined up and effective working. All senior leaders participate in an annual 360 feedback process to support self awareness and development and this feeds into a wider talent management and succession planning framework

The council continues to learn by seeking **best practice** both regionally and nationally and responding to the findings of CQC, Ofsted and HMIP inspections (recently rated 'outstanding' for looked after children and 'good' for youth justice). As well as the corporate peer challenge voluntary peer challenges have also been conducted in the areas of planning, libraries and leisure and for special educational needs and disabilities.

Managers complete **annual appraisals** with their staff and use these to discuss performance/behaviours, and agree training and development plans. Exit interviews also provide the council with insight and learning.

Since the introduction of the apprenticeship levy in 2017 we have started 660 staff on apprenticeships ranging from Level 2-7. We have 163 staff active on apprenticeships across all directorates. Grade D-F posts are considered for apprenticeships when recruited externally. The Leadership & Management apprenticeship continues to do well, and we now have staff progressing from L3 to L5. We have several staff undertaking the Senior Leader apprenticeship. We continue to establish the Social Worker and OT apprenticeships to support recruitment. Adult Social care are utilising apprenticeship to develop and support progression & retention. Many service areas use apprenticeship to upskill existing staff and fill hard to fill roles eg. in Highways and Planning.

Developing the capability of the Council's leadership and other individuals

**How we can improve**

Rollout training and awareness on decision making processes, and organisational discipline

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

In 2023/24 performance and risk processes continued to be updated and improved. The redesigned Corporate Performance Scorecard, with updated performance targets, was reported quarterly to Cabinet as well as to Oversight and Scrutiny Management Committee. In both forums the report has been the focus of increased questioning and discussion, demonstrating positive engagement with data by elected members. A new Central Performance Outcome Board (POB), chaired by the CEO, has been established. The Central POB brings together the Leader, Deputy Leader and Corporate Directors to focus on exception reporting of performance challenges and horizon scanning from Performance Outcome Boards, reflecting best practice in officer and elected member cohesion. Performance Outcome Boards continue to operate in all services.

Risk processes continue to operate under the oversight of the Audit and Governance Committee. A comprehensive review of risk management processes, including a detailed internal audit, has been completed and implementation of the agreed action plan is almost complete. A new Risk Management Policy has been approved by Cabinet and is being implemented, supported by creation of a new Strategic Risk Working Group as well as improved training and guidance for officers and an updated risk register. A review of the council's strategic risks is now underway. Both sustained inflationary pressures and staff capacity have been de-escalated from issues to risks.

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 in accordance with the Accounts and Audit Regulations.

The Council is the administering authority for more than 180 employers through the Wiltshire Pension Fund, and the [Pension Committee](#) exercises its responsibilities in relation to investment management where it sets investment policy and appoints and monitors external investment managers. This has included participation in the Brunel Pension Partnership (as agreed by full council). The operation of a separate **Local Pension Board** continues with the purpose of scrutinising the Council as Administrator for the Wiltshire Pension Fund and ensuring the efficient and effective governance of the scheme.

Monitoring Officer comments: *“During 2023/24 I have held regular meetings with the Director of Children’s Services in her statutory role. In those meetings I have been informed about two decisions 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 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 providers delivering the care have 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.”*

**How we can improve:** Develop a Data Quality Strategy outlining objectives, roles, reporting, security and sharing.

Continue implementing the new risk management approach and develop a corporate approach to benchmarking and service review

Build on the collaborative approach to budget setting by 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

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

The Council complies with reporting requirements such as an [online structure chart](#) and senior salaries and expenses.

The ambitions set out in the **Local Code of Corporate Governance** are reviewed regularly and updates have been provided to the Audit and Governance Committee. The committee has provided an [annual update](#) to full council on its activity during 23/24.

The Council has independent external auditors (Grant Thornton) and SWAP Internal Audit Services, who provide an internal audit function. SWAP works with a rolling internal audit plan which enables their work to be flexible and responsive to the ever-changing risks of a fast-paced organisation. The plan is built with management as the year progresses based on a continuous risk assessment linked to the council's risks. SWAP is providing regular updates to the [Audit and Governance Committee](#), and it is through this process and through regular access to the live rolling plan document that the Council's Corporate Leadership Team and Audit & Governance Committee members are able to assess whether the audit work building through the year provides sufficient coverage of key risks. As part of the 2023/24 annual opinion report SWAP provided a reasonable opinion in respect of the areas reviewed during that year as most were found to be adequately controlled and generally risks are well managed, however some areas require the introduction or improvement of internal controls to ensure the achievement of the Council's objectives. On a positive note, no new significant corporate risks were identified during the year and previously identified significant corporate risks of Pension Fund Key controls and ICT Network Boundary Defences continued to be monitored throughout the year. SWAP will be working with the council across the 2024/25 financial year to ensure that these risks are adequately mitigated (and these have already very much lessened during 2024).

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**. The number of complaints received has reduced from the previous year, with XX in 2023/24 compared with 437 in 22/23 (382-21/22, 380-20/21, 459-19/20, 588-18/19, 624-17/18 and 671 in 16/17). An [Annual Complaints Report](#) provides a breakdown of trends in the complaints received and the actions to be taken to address problem areas identified by all council directorates. The Council received on 17 July the [Annual Letter](#) of the Local Government and Social Care Ombudsman. There were XX detailed investigations undertaken by the Ombudsman in the year ending 31 March 2024. The number of complaints upheld by the Ombudsman were XX. This compares with 18 (of 31), 21 (of 35), 9 (of 16), 19 (of 37) and 10 (of 19) in the preceding years. This is an uphold rate of XX% which is lower than the average rate of XX% for similar authorities. The council has complied with all recommendations and in X% of upheld cases had already provided a satisfactory remedy before the complaint was considered.

**Overview and Scrutiny** has reviewed 90% of the decisions taken by the council's Cabinet, with 67% of eligible members taking part. Reviews have looked at the demand pressures faced by emergency health services, activities and support for young people, how affordable housing is allocated based on need, customer complaints, financial management, performance of council services and the governance of the Stone Circle companies. An [Annual Report sets](#) out the year's activity in detail.

Assurance and effective accountability

Implementing good practices in transparency and reporting

The Council's external auditors, Grant Thornton 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 Auditors** [Deloitte LLP and Grant Thornton LLP] 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 finalisation of the outstanding accounts and audit processes for 2019/20-2023/24. Details of the conclusion and opinion can be found in the auditor's ISA 260 reports.

Monitoring Officer comments: *"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 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"*

#### **How we can improve**

Review how performance can be communicated to the public to deliver maximum openness and transparency, including financial information as part of this.

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**Wiltshire Council**

**Audit & Governance Committee**

**July 2024**

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### **TO NOTE THE COUNCIL'S REDRAFTED WHISTLEBLOWING POLICY.**

#### **Purpose of Report**

1. To ask the Audit and Governance Committee to note and provide any comment on the redrafted Wiltshire Council Whistleblowing Policy ("the Policy").

#### **Relevance to the Council's Business Plan**

2. The Policy provides an avenue for staff to raise serious concerns and ensures that they should not suffer any prejudice for raising such concerns.
3. The redrafted Whistleblowing Policy contains additional provisions setting out the Council's commitment to considering disclosures made by members of the public in respect of serious misconduct which are to be handled in the same way as concerns raised by employees (unless it is considered more appropriate for the concerns to be dealt with using an alternative Council procedure, for example the Complaints Procedure).
3. It is reflective of the Council's aims within its business plan to be open and transparent and ensure that all are working together. It is also consistent with the Council's aim for prevention and early intervention which would equally apply with internal arrangements. Providing staff (and others) with the ability to raise any serious concerns also assists in ensuring the Council maintains and supports a skilled and committed workforce working for its residents and the communities they live in.

#### **Background**

4. The Policy itself states that it must be regularly reviewed in line with future changes and developments and at least every two years. The last review took place in 2022.
5. Attached as **Appendix 1** to this report is the redrafted Whistleblowing Policy. The proposed amendments to the current Whistleblowing Policy are shown in red in **Appendix 2**.
6. It should be noted that the Whistleblowing Bill is being read in the House of Lords. Its aims are to establish an independent Office of the Whistleblower to protect whistleblowers and whistleblowing in accordance with the public interest; to make provision for the Office of the Whistleblower to set, monitor and enforce standards for the management of whistleblowing cases, to provide disclosure and advice services, to direct whistleblowing investigations and to order redress of detriment suffered by whistleblowers; to create offences relating to the treatment of

whistleblowers and the handling of whistleblowing cases; and to repeal the Public Interest Disclosure Act 1998. Should this Bill become law, a further review of the Policy will become necessary to update it from the Public Interest Disclosure Act 1998.

### **Main Consideration for the Council**

7. Whistleblowing is not an investigative process in its own right. It is a mechanism whereby staff and former staff (workers) can be assured that they can raise any serious concerns they may hold and they will have statutory protection from possible reprisals or victimisation for raising those concerns.
8. Under the Public Interest Disclosure Act 1998, when a worker raises a concern with their employer which falls within the definition of a protected disclosure (usually an issue which relates to illegal activity or risk to health or safety) then they have statutory protection for making such a disclosure.
9. However, that investigation is likely to be carried out under other investigative processes. For example, concerns raising allegations of fraud are likely to be carried out under the anti-fraud investigative processes, concerns relating to Health and Safety are likely to be carried out under the Health and Safety investigative processes and issues of unlawful action may be carried out the Police and/or Monitoring Officer investigative processes.
10. The Policy is designed to ensure: -
  - i. That staff (and others) have an avenue to raise any serious concerns.
  - ii. The disclosure can be assessed as to whether it is a protected disclosure.
  - iii. If it is such a protected disclosure for such confirmation to be given to the worker as soon as possible after they have made such a disclosure.
  - iv. That the concerns raised will be investigated by the appropriate process and in a timely fashion.
11. The Policy identifies that there is a difference between a complaint and a protected disclosure. Similarly, it also identifies the difference between a grievance and a protected disclosure.
12. The amendments to the current Whistleblowing Policy are designed to make it clear that the initial assessment of the concern (to firstly, determine the nature of the concern/issue being raised and whether it is a protected disclosure and secondly, which investigative process should be utilised in determining the concern/issue) can be carried out by either the Council or the Council may ask another body (e.g. SWAP) to carry it out. However, there is a requirement that where a decision is made for the initial assessment to be carried out internally by the Council, SWAP will be notified of the initial assessment.
13. The current Whistleblowing Policy has been amended to make it clear that it does not cover schools as every maintained school should have their own whistleblowing policy.
14. The redrafted Whistleblowing Policy contains additional provisions to cover where concerns are raised by members of the public and where these do not fall within the Council's Complaints process or any other applicable policy. The proposed amendments to the policy set out the Council's commitment to handle

disclosures made by members of the public in respect of serious misconduct in the same way as concerns raised by employees (although noting that PIDA only offers legal protection for disclosures made by employees). This approach was discussed and agreed with SWAP and is the approach taken by some other local authorities.

### **Overview and Scrutiny Engagement**

15. As this matter is to be considered by the Audit and Governance Committee and then the Standards Committee there has been no engagement with the Overview and Scrutiny Committee.

### **Safeguarding Implications**

16. The Policy is designed to give workers assurance that they have an avenue where they can raise issues where they have serious concerns (including where appropriate safeguarding) and therefore the Policy is consistent with the Council's safeguarding duties.

### **Public Health Implications**

16. The Policy is designed to give workers assurance that they have an avenue where they can raise issues where they have serious concerns (including where appropriate where they consider there is a risk of danger) and therefore the Policy is consistent with the Council's furthering Public Health and well-being.

### **Procurement Implications**

17. There are no procurement implications.

### **Equalities Impact of the Proposal**

18. The Policy is designed to give workers assurance that they have an avenue where they can raise any issues where they have serious concerns and will be applied equally to all staff, and the Policy has considered members of the public - and therefore the Policy is consistent with the Council's public sector equalities duties.

### **Environmental and Climate Change Considerations**

19. As this relates to consideration of adoption of a policy relating to whistleblowing there are no environmental or climate change considerations.

### **Risks that may arise if the proposed decision and related work is not taken**

20. The current Whistleblowing processes would remain with reasonable assurance and the Council could be criticised for not driving forward with continued improvement and not be in accordance with either best practice or the changed governance arrangements.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

21. If the action is taken it will be necessary to:-
  - a. Update the Council's external facing website and internal Council intranet;

- b. Develop appropriate messaging to ensure that it is rolled out to embed the new Whistleblowing Policy within Council processes.

### **Financial Implications**

22. There are no financial implications to this report.

### **Legal Implications**

23. The proposed Whistleblowing Policy is consistent with the Public Interest Disclosure Act 1998 and provides an appropriate avenue for workers to raise any serious concerns they may have without fear of victimisation or harassment.
24. The proposed Whistleblowing Policy will be in replacement of an existing policy and is modelled on best practices and ensures that there is an appropriate governance checks in place for the Council.
25. Adoption of this redrafted Whistleblowing Policy will ensure that the organisation has appropriate procedures in place for ensuring any serious concerns held by workers are able to be raised and appropriately considered.
26. The proposed Whistleblowing Policy is consistent with the Council's anti-fraud, complaints and the HR policies relating to grievance.
27. It is proposed that the adoption of the redrafted Whistleblowing Policy will be by way of decision by the relevant Cabinet Member who has authority to make decisions pursuant to Part 3 Section C of the Constitution.

It is also proposed that a report is taken to The Standards Committee which has the role and function of overseeing the Council's Whistleblowing Policy (paragraph 2.5.7.8 of Part 3B of the Council's constitution) to ask them to note and provide any comment on the redrafted Whistleblowing Policy and its operation.

### **Workforce Implications**

28. There are no direct work-place implications. This redrafted Whistleblowing Policy has been developed in consultation with SWAP utilising their knowledge of best practices from a number of local authorities they audit and provides all workers with an appropriate avenue to raise serious concerns without fear of harassment or victimisation.

### **Options Considered**

29. Whilst the existing Whistleblowing Policy did give reasonable assurance it was due for review and needed to be streamlined and redrafted.

### **Proposal**

30. The committee endorse the development of the Draft Whistleblowing Policy appended to this report as Appendix 1 and note the subject work to be undertaken once adopted.

**Director: Perry Holmes; Director of Legal & Governance**

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Report Author: Joanna Madeley, Head of Legal, Democracy & Governance (and Deputy Monitoring Officer) [Jo.Madeley@wiltshire.gov.uk](mailto:Jo.Madeley@wiltshire.gov.uk)  
Date of report July 2024

**Appendices**

Appendix 1 Redrafted Whistleblowing Policy  
Appendix 2 Changes to Current Whistleblowing Policy

**Background Papers**

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

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# **Whistleblowing Policy and Procedure**

**July 2024**

## 1. INTRODUCTION

Wiltshire Council is committed to the highest possible standards of openness, probity, and accountability. In line with that commitment we wish to encourage employees, and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. This process is commonly referred to as "Whistleblowing".

Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

The Council upholds the seven principles of public life, it expects all employees (including agency staff) to maintain these standards in everything they do. Employees, and others the Council deal with (including suppliers and those providing services to the Council), are therefore encouraged to report any wrongdoing by the Council or its employees that fall short of these standards.

The Whistleblowing Policy and Procedure is intended to encourage and enable employees (including temporary staff), contractors working for the Council (e.g. agency staff, builders etc.) and members of the public to raise concerns within the Council rather than overlooking a problem or 'blowing the whistle' outside. This policy makes it clear that you can do so without fear of victimisation, subsequent discrimination, or disadvantage. The Council is committed to listening to concerns, taking them seriously and ensuring that they are dealt with promptly and fairly. There is also statutory protection from any disclosures made by staff. It is important for potential whistleblowers to understand that their employment will be protected by the Council on the strict assumption that any disclosures or allegations are not malicious in nature. We would rather the matter be raised when it is just a concern, the message we wish to get across is "if in doubt, raise it".

All employees of the Council can raise their concerns under this policy, as well as contractors working for the Council (e.g. agency staff, builders etc.), the voluntary sector and members of the public. This policy also applies to suppliers of goods and services under a contract to the Council and voluntary workers working with the Council. The Council will seek to ensure that as part of its procurement processes this policy is brought to the attention of such external contractors, suppliers, and service providers.

This policy and procedure complies with the Public Interest Disclosure Act 1998 ("PIDA") and the Enterprise and Regulatory Reform Act 2013.



## **2. AIMS AND SCOPE OF THIS POLICY**

### 2.1 This policy aims to:

- Provide avenues for employees and others to raise concerns and receive feedback on any action taken.
- Allow employees and others to take the matter further if they are dissatisfied with the Council's response to the concerns expressed; and,
- Reassure employees and others that they will be protected from possible reprisals or victimisation.

### 2.2 Complaint or blowing the whistle?

When an individual blows the whistle, they are raising a concern about a danger or illegality that affects others (for example customers, members of the public, or their employer). The person blowing the whistle is usually not directly, personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of any investigation into their concern, they are simply trying to alert others.

When an individual complains or raises a grievance, they are saying that they have been personally treated poorly. This poor treatment could involve a breach of their individual employment rights or bullying, and the complainant is seeking redress or justice for themselves. The person making the complaint therefore has a vested interest in the outcome of the complaint and for this reason, is expected to prove their case.

There are existing procedures in place to enable staff to lodge a grievance relating to their own employment. This policy is intended to cover concerns that fall outside the scope of the grievance procedure. Thus, any serious concern that a member of staff has about any aspect of service provision, the conduct of officers, members of the Council or others acting on behalf of the Council can and should be reported under this policy. Your concerns may relate to something which is happening, has already happened or is likely to happen in the future.

For example, concerns raised under this Policy could include:

- Failure to observe health and safety regulations, or actions which involve risks to the public or other employees.
- Financial irregularities - including fraud, corruption, or unauthorised use of public funds.
- Improper or unlawful conduct by an officer or a member.
- Action causing, or is likely to cause, damage to the environment.
- Employees claiming benefits to which they are not entitled.
- Sexual, racial, physical, or other abuse.
- Other causes of malpractice, negligent, unprofessional, or unethical behaviour.
- Concealment of any of the above.

Please note that this is not a comprehensive list but is intended to illustrate the range of issues which might be raised under this Code.

The spirit of this policy will also be applied to elected members of the Council, recognising though that they have separate and distinct roles as the elected representatives of their communities who operate within a political environment. Elected members to whom the whistle is blown should in the first place contact the Monitoring Officer. However, where members actions are involved, the Standards Regime under the Localism Act 2011 will be engaged.

The scope of this policy does not cover schools as every maintained school should have their own whistleblowing policy. The governing body of a school is responsible for agreeing and establishing their own whistleblowing policy. Similarly, academy trusts must have appropriate procedures in place for whistleblowing, making it clear all concerns will be responded to properly, consistently, and fairly. Therefore, any concerns relating to a school should be reported to the school via the school's own whistleblowing policy.

Managers and staff should be vigilant in respect of identifying potential whistleblowing concerns. If there are concerns that are raised during or as a result of an internal process or which are raised during the course of usual day to day management and which may be considered to potentially amount to a whistleblowing disclosure, the manager concerned should report the matter and seek advice from the relevant Director and/or SWAP in line with the procedure set out within this policy in order for an assessment to be completed as to whether the concerns amount to a whistleblowing disclosure.

### **3. SAFEGUARDS**

#### **3.1 Harassment or Victimisation**

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisals from those who may be guilty of malpractice or from the Council as a whole. The Council will not tolerate any harassment or victimisation (including informal pressures). The Council will not tolerate any attempt on the part of any employee, Councillor, Council contractor or supplier to apply any sanction or detriment to any person who has reported to the Council any serious and genuine concern that they may have of any apparent malpractice.

We understand that some individuals may not be comfortable with what is known as 'open whistleblowing', so we will offer the option of keeping your identity confidential unless we are required to disclose it by law, or unless we have your permission. If you wish us to maintain confidentiality, we will always seek to do so.

The Public Interest Disclosure Act (PIDA) 1998 provides legal protection, in certain circumstances, to workers making disclosures in good faith about malpractice. The Act makes it unlawful for the council to dismiss anyone or allow

them to be victimised on the basis that they have made an appropriate lawful disclosure in accordance with the Act.

In order for protection against recriminations, victimisation or harassment to apply, the person making the disclosure should have a reasonable belief that the disclosure they are making is in the “public interest”. Their belief need not be correct for protection to apply.

### 3.2 Confidentiality

As far as possible, the Council will protect the identity of any employee who raises a concern and does not want his/her name to be disclosed, but this confidentiality cannot be guaranteed. It must be appreciated that any investigation process may reveal the source of the information and a statement by the person reporting the concern may be required as part of the evidence. Where an employee has requested that their identity not be revealed, the Council will discuss the matter with them before embarking on any course of action whereby their identity will need to be disclosed.

### 3.3 Anonymity

Concerns expressed anonymously will be considered at the discretion of the Council, although it must be appreciated that it is inherently difficult to investigate concerns expressed this way. It is hoped that the guarantees contained in this policy will provide sufficient reassurance to staff to enable them to raise concerns in person. However, in exercising the discretion, the factors to be taken into account would include:

- The likelihood of obtaining the necessary information.
- The seriousness of the issues raised.
- The specific nature of the complaint.
- The duty to the public.

### 3.4 False and Malicious Allegations

The Council will protect itself and its employees from false and malicious expressions of concern by taking disciplinary action where appropriate. The Council will try to ensure that the negative impact of either a malicious or unfounded allegation about any person is minimised.

## 4. **HOW TO RAISE A CONCERN**

4.1 As a first step, you should normally raise concerns with your immediate manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. If you prefer (for whatever reason) or if you believe that management is involved, you could approach one of the individuals in section 4.4.

4.2 Alternatively, you can raise concerns via SWAP Internal Audit Services using

their email address:- [confidential@swapaudit.co.uk](mailto:confidential@swapaudit.co.uk)

4.3 SWAP Internal Audit must be notified of all concerns raised under the Whistleblowing Policy (via 4.1 or 4.6) and their outcome using SWAP's email address:- [confidential@swapaudit.co.uk](mailto:confidential@swapaudit.co.uk) On notification of the concern, Wiltshire Council must inform SWAP as to whether SWAP is required to conduct the initial assessment of the concern or whether Wiltshire Council shall itself conduct the initial assessment.

4.4 Concerns may be raised by a whistleblower orally or in writing. Normally it is preferable to put your concern in writing. You are invited to set out the background and history of the concern, giving names, dates and places where possible, and the reason why you are particularly concerned about the situation. To assist in the notification process, the Council has set up an arrangement for a confidential answer phone service with SWAP Internal Audit Services (020 8142 5030) or alternatively there is a confidential email address ([confidential@swapaudit.co.uk](mailto:confidential@swapaudit.co.uk)).

4.5 The earlier you express the concern, the easier it is to take action. You should not wait until you have proof. Although you are not expected to prove the truth of the allegation, you will need to demonstrate to the person contacted that there are sufficient grounds for your concern.

**N.B. If an employee has any personal interest in the matter this should be disclosed at the outset.**

4.6 If you do have a concern, however small and you don't feel comfortable discussing such a sensitive issue with a close colleague, the following officers can provide advice and guidance:

- Assistant Director SWAP Internal Audit Services – Counter Fraud and Investigations – Jacqui Gooding ([jacqui.gooding@swapaudit.co.uk](mailto:jacqui.gooding@swapaudit.co.uk))
- Section 151 Officer (Director for Finance and Procurement) – Lizzie Watkin ([Lizzie.Watkin@wiltshire.gov.uk](mailto:Lizzie.Watkin@wiltshire.gov.uk))
- Monitoring Officer (Director of Legal & Governance) – Perry Holmes ([Perry.Holmes@wiltshire.gov.uk](mailto:Perry.Holmes@wiltshire.gov.uk))
- Deputy Monitoring Officer (Head of Legal Services, Democracy & Governance) – Joanna Madeley ([Jo.Madeley@wiltshire.gov.uk](mailto:Jo.Madeley@wiltshire.gov.uk))

All concerns will be treated sensitively and with due regard to confidentiality and where possible every effort will be made to protect a whistleblower's wishes. However, the Council does not encourage staff to make disclosures anonymously as this can constrain the process of investigation. The information will, normally, need to be passed on to those with a legitimate need to see it in order to investigate the matter and to act upon any findings. However, a concern raised will be logged with SWAP Internal Audit as per 4.3.

4.7 Alternatively, employees may wish to get confidential advice from their trade union or professional association. They can also contact the independent charity Protect (020 3117 2520) or [www.protect-advice.org.uk](http://www.protect-advice.org.uk) who have lawyers who can give independent advice at any stage about how to raise a concern about serious malpractice at work.

4.8 Employees may invite their trade union or professional association to raise a matter on their behalf.

## **5. PROCESS**

5.1 Initial concerns may be raised orally or in writing, although normally it is preferable to put the concern in writing, and there may be occasions when it will be necessary to go back to the whistleblower to confirm the complaint in writing. The whistleblower is invited to set out the background and history of the concern, giving names, dates and places where possible, and the reason why this is of particular concern. There is an example report form in Appendix 3 of this Policy.

5.2 The action taken by the Council will depend on the nature of the concern. where appropriate, the matters raised may:

- Be investigated by senior management, internal audit (SWAP) or through the disciplinary process.
- Be referred to the police.
- Form the subject of an independent inquiry.

5.3 In order to protect the individual and the Council, an initial assessment will be carried out to decide whether a full investigation is appropriate and, if so, what form it should take. The initial assessment may be carried out internally or the Council may ask another body (e.g. SWAP) to carry it out. Concerns or allegations, which, fall within the scope of specific procedures (for example fraud, theft and corruption) will normally be referred to SWAP for consideration under those procedures.

5.4 It should be noted that some concerns may be resolved by agreed action without the need for a full investigation. If urgent action is required, this would be taken before any investigation is completed.

5.5 Within ten working days of a concern being raised, and following the initial assessment, one of the officers detailed in section 4.4 will write to the person raising the concern and;

- acknowledge that the concern has been received,
- indicate the initial findings and how he/she proposes to deal with the matter; and
- give an estimate of how long it will take to provide a final response.

If it is impossible for initial assessment to be completed within ten working days, or where urgent action is required, the situation will be explained in the letter of acknowledgement. Where a decision is made that a full investigation will take place, the reasons for this will be provided.

If a full investigation is required, this will be carried out by the Council internally or the Council may ask another body (e.g. SWAP) to carry it out. Following the full investigation, the Council will either resolve by agreed action or take appropriate further action. This further action could be:

- Agreed steps such as disciplinary process.
- Referral to the Police.
- An independent enquiry.

5.6 SWAP Internal Audit must be notified of all initial assessments and full investigations raised under the Whistleblowing Policy and their outcome using SWAP's email address:- [confidential@swapaudit.co.uk](mailto:confidential@swapaudit.co.uk)

5.7 The amount of contact between the officers considering the issues and the employee raising the concern will depend on the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern. Should further information be required, initial findings will be provided to the person raising the concern within four working days of the additional information requested being received by the Council.

5.8 Where any meeting is arranged, employees have the right, if they so wish, to be accompanied by a union or professional association representative or a friend who is not involved in the area of work to which the concern relates.

5.9 The Council will take appropriate steps to minimise any difficulties, which an employee may experience as a result of raising a concern. For example, if employees are required to give evidence in criminal or disciplinary proceedings, the Council will need to inform them and consider what steps are required to provide support.

5.10 The Council accepts that employees raising a concern need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, the person raising the concern will receive as much information as possible about the outcomes of any investigation.

## **6. HOW THE MATTER CAN BE TAKEN FURTHER**

6.1 This policy is intended to provide you with an avenue to raise concerns within the Council. The Council hopes you will be satisfied with any action taken. If you are not satisfied with the outcome of your confidential allegation you can write to the Chief Executive and ask for the investigation and outcome to be reviewed. If you remain dissatisfied and you feel it is right to take the matter outside the Council, you may wish to take advice from your trade union, your



local Citizens Advice Bureau, any of the external agencies listed in section 6.4 below, or your legal advisor on the options that are available to you.

6.2 Another option is that you may wish to rely on your rights under the Public Interest Disclosure Act 1998. This Act gives you protection from victimisation if you make certain disclosures of information in the public interest. The provisions are quite complex and include a list of prescribed persons outside of the Council who can be contacted in certain circumstances. You should seek advice on the effect of the Act from the Director of Legal & Governance (Monitoring Officer).

6.3 If you do take the matter outside the Council, you need to ensure that you do not disclose information where you owe a duty of confidentiality to persons other than the Council (e.g. service users) or where you would commit an offence by making such disclosures. This is something that you would need to check with one of the officers mentioned in Section 4.4.

#### 6.4 External Contacts

If for any reason you do not wish to use the internal arrangements set out above, or require additional support and advice, a list of some of the prescribed people and bodies to whom you can make a disclosure and whose functions have particular relevance to the council's work:

- The Audit Commission for England ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk))
- The Certification Officer ([www.certoffice.org](http://www.certoffice.org))
- The Care Quality Commission ([www.cqc.org.uk](http://www.cqc.org.uk))
- Ofsted
- The Office of the Children's Commissioner ([www.childrenscommissioner.gov.uk](http://www.childrenscommissioner.gov.uk))
- Her Majesty's Revenue and Customs (HMRC) ([www.hmrc.gov.uk](http://www.hmrc.gov.uk))
- Serious Fraud Office Confidential ([www.sfo.gov.uk](http://www.sfo.gov.uk))
- The Environment Agency ([www.environment-agency.gov.uk](http://www.environment-agency.gov.uk))
- The Food Standards Agency ([www.food.gov.uk](http://www.food.gov.uk))
- The Health and Care Professions Council (HCPC) ([www.hpc-uk.org](http://www.hpc-uk.org))
- The Health & Safety Executive ([www.hse.gov.uk](http://www.hse.gov.uk))
- The Homes and Communities Agency (HCA) ([www.homesandcommunities.co.uk](http://www.homesandcommunities.co.uk))
- The Information Commissioner ([www.ico.org.uk](http://www.ico.org.uk))
- Relevant professional bodies or regulatory organisations
- A solicitor or legal advisor
- The Police
- The Local Government Ombudsman ([www.lgo.gov.uk](http://www.lgo.gov.uk))
- The Council's External Auditors (Deloitte) ([www2.deloitte.com/uk](http://www2.deloitte.com/uk))

## 7. **RESPONSIBILITY FOR IMPLEMENTING**

7.1 The responsibility for ensuring that the Council adheres to this Policy rests with the Corporate Leadership Team.

## **8. MONITORING AND REPORTING**

8.1 The Assistant Director (SWAP) will provide an annual report to the Council's Audit and Governance Committee which has responsibilities for overseeing the effectiveness of the Council's governance arrangements as well as the Standards Committee. All reporting will be anonymised and will only identify common themes, numbers of disclosures year on year and will highlight actions taken to improve systems and policies.

## **9. REVIEW**

9.1 This Policy will be regularly reviewed in line with future changes and developments and at least every two years.

## **10. RELATED POLICIES AND OTHER STRATEGIES**

10.1 The following policies support or are linked to the Whistleblowing Policy and Procedure.

- Anti-Fraud, Theft, and Bribery Strategy and Policy
- Codes of Conduct (employees and councillors)
- Grievance Policy and Procedure
- Disciplinary Procedures

## **11. WHISTLEBLOWING BY MEMBERS OF THE PUBLIC**

11.1 Unlike disclosures by employees, PIDA does not offer legal protection for disclosures made by members of the public. However, the Council will take reasonable and appropriate action to protect members of the public when they disclose a concern.

11.2 The Council considers that any such disclosure made by members of the public in respect of serious misconduct should be handled in the same way as concerns raised by employees.

11.3 Once a disclosure from a member of the public has been received by the Council, it will be handled in the same way as concerns raised by employees, unless it is considered more appropriate for the concerns to be dealt with using the Council's Complaints Procedure or any other procedure as appropriate.

11.4 The Council shall notify SWAP Internal Audit of all concerns, initial investigations and full investigations raised by members of the public under the Whistleblowing Policy and their outcome using SWAP's email address:- [confidential@swapaudit.co.uk](mailto:confidential@swapaudit.co.uk)



## **APPENDIX 1**

### **INVESTIGATION ARRANGEMENTS**

SWAP Internal Audit must be notified of all concerns raised, initial assessments and full investigations undertaken under the Whistleblowing Policy and their outcome using SWAP's email address:- [confidential@swapaudit.co.uk](mailto:confidential@swapaudit.co.uk)

All concerns raised should also be passed to the Section 151 Officer (Director of Finance and Procurement), the Monitoring Officer (Director Legal & Governance), the Deputy Monitoring Officer, and the Head of Internal Audit (SWAP Assistant Director) irrespective of who was contacted in the first instance.

On notification of the concern, Wiltshire Council must inform SWAP as to whether SWAP is required to conduct the initial assessment of the concern or whether Wiltshire Council shall itself conduct the initial assessment.

All initial assessments will be undertaken by Wiltshire Council or SWAP Internal Audit Services.

The Monitoring Officer will advise on the legal implications and will:

- a) Arrange support and counselling for the employee who reported the concern as necessary; and,
- b) Provide advice on any necessary disciplinary action, if required.

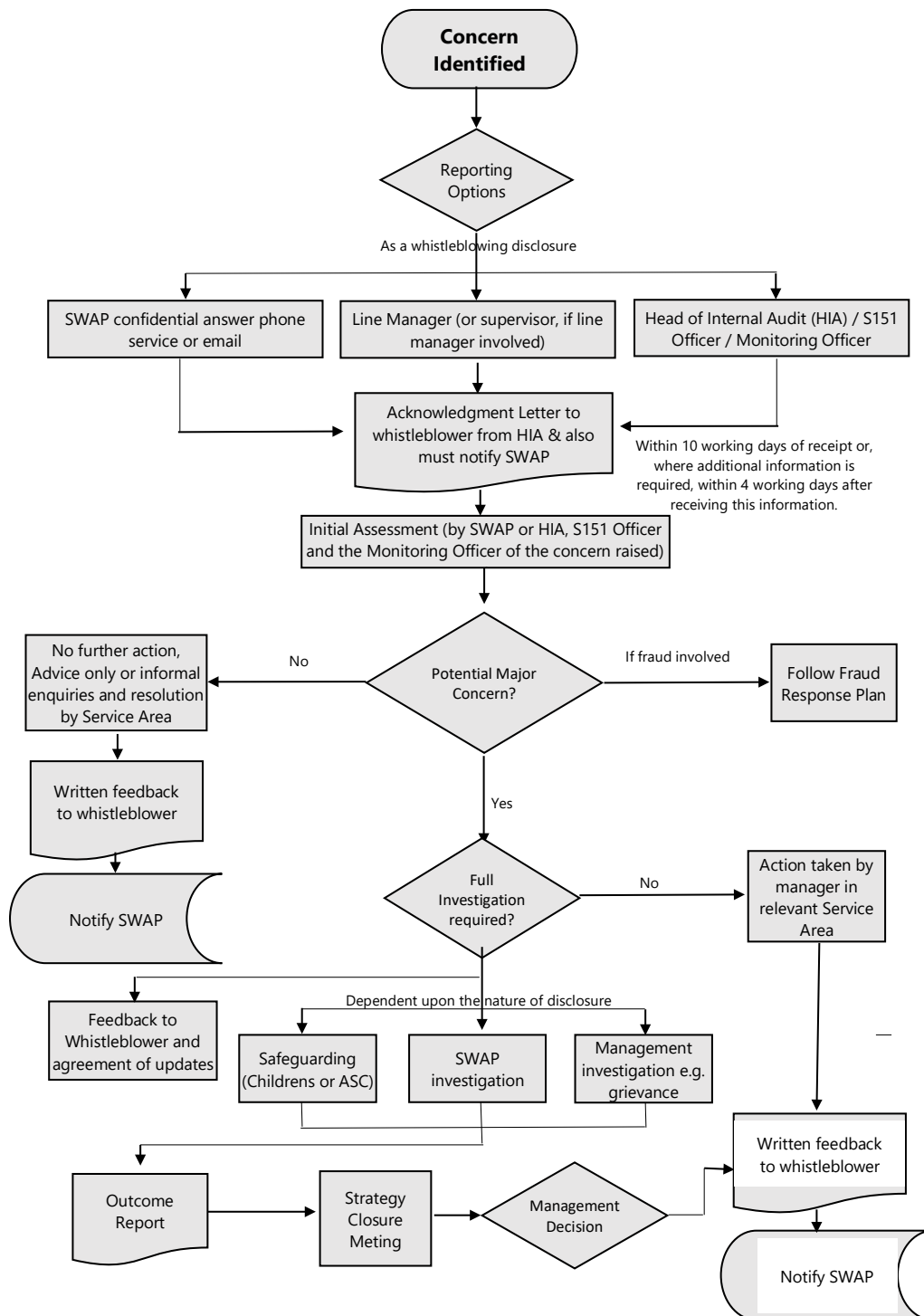
Any initial assessment or full investigation carried out by SWAP Internal Audit Services will adopt the following good practice points:

- Deal promptly with the allegation or concern.
- Contact the Police and other agencies as appropriate at an early stage and keep them and the employee who reported the concern informed of progress.
- Prepare a background or objectives statement and consider the likely outcome, i.e. prosecution and/or internal disciplinary action.
- Record all evidence received, ensure that it is sound, adequately supported and kept secure.
- Notify the Council's insurers where appropriate.
- Notify and liaise with the Monitoring Officer (Director Legal & Governance) and the Section 151 Officer (Director of Finance and Procurement);
- Identify actions required, systems weaknesses and lessons learnt.

Any initial assessment or full investigation carried out by other investigative teams shall adopt similar good practice points where relevant.

## APPENDIX 2

### Whistleblowing Procedure Flowchart



### **APPENDIX 3**

#### **WHISTLEBLOWING POLICY – Report Form for Whistleblowing Complaints**

Wiltshire Council is committed to the highest possible standards of openness, professionalism, and accountability. In line with that commitment we expect employees, partners, members of the public and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.

Description of the concern

Where possible include:

- Dates of
- Whether there were any
- Who was involved/other witnesses
- Why this is a concern
- Whether you have tried to raise this with your/a manager
- What the result was

You are encouraged to put your name to this report. Concerns expressed anonymously are much harder to investigate but will be considered at the discretion of the Monitoring Officer.

Name:		Service (if staff member)	
Address:		Contact Number:	
Date:		Signature:	

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# **Whistleblowing Policy and Procedure**

**July 2024**

## 1. INTRODUCTION

Wiltshire Council is committed to the highest possible standards of openness, probity, and accountability. In line with that commitment we wish to encourage employees, and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. This process is commonly referred to as "Whistleblowing".

Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

The Council upholds the seven principles of public life, it expects all employees (including agency staff) to maintain these standards in everything they do. Employees, and others the Council deal with (including suppliers and those providing services to the Council), are therefore encouraged to report any wrongdoing by the Council or its employees that fall short of these standards.

The Whistleblowing Policy and Procedure is intended to encourage and enable employees (including temporary staff), contractors working for the Council (e.g. agency staff, builders etc.) and members of the public to raise concerns within the Council rather than overlooking a problem or 'blowing the whistle' outside. This policy makes it clear that you can do so without fear of victimisation, subsequent discrimination, or disadvantage. The Council is committed to listening to concerns, taking them seriously and ensuring that they are dealt with promptly and fairly. There is also statutory protection from any disclosures made by staff. It is important for potential whistleblowers to understand that their employment will be protected by the Council on the strict assumption that any disclosures or allegations are not malicious in nature. We would rather the matter be raised when it is just a concern, the message we wish to get across is "if in doubt, raise it".

All employees of the Council can raise their concerns under this policy, as well as contractors working for the Council (e.g. agency staff, builders etc.), the voluntary sector **and members of the public**. This policy also applies to suppliers of goods and services under a contract to the Council and voluntary workers working with the Council. The Council will seek to ensure that as part of its procurement processes this policy is brought to the attention of such external contractors, suppliers, and service providers.

This policy and procedure complies with the Public Interest Disclosure Act 1998 ("PIDA") and the Enterprise and Regulatory Reform Act 2013.

## 2. AIMS AND SCOPE OF THIS POLICY

### 2.1 This policy aims to:

- Provide avenues for employees **and others** to raise concerns and receive feedback on any action taken.
- Allow employees **and others** to take the matter further if they are dissatisfied with the Council's response to the concerns expressed; and,
- Reassure employees **and others** that they will be protected from possible reprisals or victimisation.

### 2.2 Complaint or blowing the whistle?

When an individual blows the whistle, they are raising a concern about a danger or illegality that affects others (for example customers, members of the public, or their employer). The person blowing the whistle is usually not directly, personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of any investigation into their concern, they are simply trying to alert others.

When an individual complains or raises a grievance, they are saying that they have been personally treated poorly. This poor treatment could involve a breach of their individual employment rights or bullying, and the complainant is seeking redress or justice for themselves. The person making the complaint therefore has a vested interest in the outcome of the complaint and for this reason, is expected to prove their case.

There are existing procedures in place to enable staff to lodge a grievance relating to their own employment. This policy is intended to cover concerns that fall outside the scope of the grievance procedure. Thus, any serious concern that a member of staff has about any aspect of service provision, the conduct of officers, members of the Council or others acting on behalf of the Council can and should be reported under this policy. Your concerns may relate to something which is happening, has already happened or is likely to happen in the future.

For example, concerns raised under this Policy could include:

- Failure to observe health and safety regulations, or actions which involve risks to the public or other employees.
- Financial irregularities - including fraud, corruption, or unauthorised use of public funds.
- Improper or unlawful conduct by an officer or a member.
- Action causing, or is likely to cause, damage to the environment.
- Employees claiming benefits to which they are not entitled.
- Sexual, racial, physical, or other abuse.
- Other causes of malpractice, negligent, unprofessional, or unethical behaviour.
- Concealment of any of the above.

Please note that this is not a comprehensive list but is intended to illustrate the range of issues which might be raised under this Code.

The spirit of this policy will also be applied to elected members of the Council, recognising though that they have separate and distinct roles as the elected representatives of their communities who operate within a political environment. Elected members to whom the whistle is blown should in the first place contact the Monitoring Officer. However, where members actions are involved, the Standards Regime under the Localism Act 2011 will be engaged.

The scope of this policy does not cover schools as every maintained school should have their own whistleblowing policy. The governing body of a school is responsible for agreeing and establishing their own whistleblowing policy. Similarly, academy trusts must have appropriate procedures in place for whistleblowing, making it clear all concerns will be responded to properly, consistently, and fairly. Therefore, any concerns relating to a school should be reported to the school via the school's own whistleblowing policy.

It is recognised that concerns may be raised under the whistleblowing policy which are not sufficiently about wider organisational concerns to be a whistleblowing complaint, but rather something that might be dealt with as a grievance, through a disciplinary process or some other council procedure. When such processes are concluded if any additional information is uncovered which might be of organisational concern, the relevant HR officer will refer them to the relevant Director to form a judgement about any further process needed.

Managers and staff should be vigilant in respect of identifying potential whistleblowing concerns. If there are concerns that are raised during or as a result of an internal process or which are raised during the course of usual day to day management and which may be considered to potentially amount to a whistleblowing disclosure, the manager concerned should report the matter and seek advice from the relevant Director and/or SWAP in line with the procedure set out within this policy in order for an assessment to be completed as to whether the concerns amount to a whistleblowing disclosure.

### **3. SAFEGUARDS**

#### **3.1 Harassment or Victimisation**

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisals from those who may be guilty of malpractice or from the Council as a whole. The Council will not tolerate any harassment or victimisation (including informal pressures). The Council will not tolerate any attempt on the part of any employee, Councillor, Council contractor or supplier to apply any sanction or detriment to any person who has reported to the Council any serious and genuine concern that they may have of any apparent malpractice.

We understand that some individuals may not be comfortable with what is known as 'open whistleblowing', so we will offer the option of keeping your identity



confidential unless we are required to disclose it by law, or unless we have your permission. If you wish us to maintain confidentiality, we will always seek to do so.

The Public Interest Disclosure Act (PIDA) 1998 provides legal protection, in certain circumstances, to workers making disclosures in good faith about malpractice. The Act makes it unlawful for the council to dismiss anyone or allow them to be victimised on the basis that they have made an appropriate lawful disclosure in accordance with the Act.

In order for protection against recriminations, victimisation or harassment to apply, the person making the disclosure should have a reasonable belief that the disclosure they are making is in the “public interest”. Their belief need not be correct for protection to apply.

### 3.2 Confidentiality

As far as possible, the Council will protect the identity of any employee who raises a concern and does not want his/her name to be disclosed, but this confidentiality cannot be guaranteed. It must be appreciated that any investigation process may reveal the source of the information and a statement by the person reporting the concern may be required as part of the evidence. Where an employee has requested that their identity not be revealed, the Council will discuss the matter with them before embarking on any course of action whereby their identity will need to be disclosed.

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Concerns expressed anonymously will be considered at the discretion of the Council, although it must be appreciated that it is inherently difficult to investigate concerns expressed this way. It is hoped that the guarantees contained in this policy will provide sufficient reassurance to staff to enable them to raise concerns in person. However, in exercising the discretion, the factors to be taken into account would include:

- The likelihood of obtaining the necessary information.
- The seriousness of the issues raised.
- The specific nature of the complaint.
- The duty to the public.

### 3.4 False and Malicious Allegations

The Council will protect itself and its employees from false and malicious expressions of concern by taking disciplinary action where appropriate. The Council will try to ensure that the negative impact of either a malicious or unfounded allegation about any person is minimised.

## 4. **HOW TO RAISE A CONCERN**

4.1 As a first step, you should normally raise concerns with your immediate

manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. If you prefer (for whatever reason) or if you believe that management is involved, you could approach one of the individuals in section 4.4.

4.2 Alternatively, you can raise concerns via SWAP Internal Audit Services using their email address:- [confidential@swapaudit.co.uk](mailto:confidential@swapaudit.co.uk)

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**N.B. If an employee has any personal interest in the matter this should be disclosed at the outset.**

4.6 If you do have a concern, however small and you don't feel comfortable discussing such a sensitive issue with a close colleague, the following officers can provide advice and guidance:

- Assistant Director SWAP Internal Audit Services – Counter Fraud and Investigations – Jacqui Gooding ([jacqui.gooding@swapaudit.co.uk](mailto:jacqui.gooding@swapaudit.co.uk))
- Section 151 Officer (Director for Finance and Procurement) – Lizzie Watkin ([Lizzie.Watkin@wiltshire.gov.uk](mailto:Lizzie.Watkin@wiltshire.gov.uk))
- Monitoring Officer (Director of Legal & Governance) – Perry Holmes ([Perry.Holmes@wiltshire.gov.uk](mailto:Perry.Holmes@wiltshire.gov.uk))
- Deputy Monitoring Officer (Head of Legal Services, Democracy & Governance) – Joanna Madeley ([Jo.Madeley@wiltshire.gov.uk](mailto:Jo.Madeley@wiltshire.gov.uk))

All concerns will be treated sensitively and with due regard to confidentiality and where possible every effort will be made to protect a whistleblower's wishes. However, the Council does not encourage staff to make disclosures anonymously as this can constrain the process of investigation. The information will, normally, need to be passed on to those with a legitimate need to see it in order to investigate the matter and to act upon any findings. However, a concern raised will be logged with SWAP Internal Audit as per 4.3.

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5.4 It should be noted that some concerns may be resolved by agreed action without the need for a full investigation. If urgent action is required, this would be taken before any investigation is completed.

5.5 Within ten working days of a concern being raised, and following the **initial assessment**, one of the officers detailed in section 4.4 will write to the person

raising the concern and;

- acknowledge that the concern has been received,
- indicate the initial findings and how he/she proposes to deal with the matter; and
- give an estimate of how long it will take to provide a final response.

If it is impossible for **initial assessment** to be completed within ten working days, or where urgent action is required, the situation will be explained in the letter of acknowledgement. Where a decision is made that a full investigation will take place, the reasons for this will be provided.

If a full investigation is required, this will be carried out by the Council internally or the Council may ask another body (e.g. SWAP) to carry it out. Following the full investigation, the Council will either resolve by agreed action or take appropriate further action. This further action could be:

- Agreed steps such as disciplinary process.
- Referral to the Police.
- An independent enquiry.

5.6 **SWAP Internal Audit must be notified of all initial assessments and full investigations raised under the Whistleblowing Policy and their outcome using SWAP's email address:- [confidential@swapaudit.co.uk](mailto:confidential@swapaudit.co.uk)**

5.7 The amount of contact between the officers considering the issues and the employee raising the concern will depend on the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern. Should further information be required, initial findings will be provided to the person raising the concern within four working days of the additional information requested being received by the Council.

5.8 Where any meeting is arranged, employees have the right, if they so wish, to be accompanied by a union or professional association representative or a friend who is not involved in the area of work to which the concern relates.

5.9 The Council will take appropriate steps to minimise any difficulties, which an employee may experience as a result of raising a concern. For example, if employees are required to give evidence in criminal or disciplinary proceedings, the Council will need to inform them and consider what steps are required to provide support.

5.10 The Council accepts that employees raising a concern need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, the person raising the concern will receive as much information as possible about the outcomes of any investigation.

## **6. HOW THE MATTER CAN BE TAKEN FURTHER**

- 6.1 This policy is intended to provide you with an avenue to raise concerns within the Council. The Council hopes you will be satisfied with any action taken. If you are not satisfied with the outcome of your confidential allegation you can write to the Chief Executive and ask for the investigation and outcome to be reviewed. If you remain dissatisfied and you feel it is right to take the matter outside the Council, you may wish to take advice from your trade union, your local Citizens Advice Bureau, any of the external agencies listed in section 6.4 below, or your legal advisor on the options that are available to you.
- 6.2 Another option is that you may wish to rely on your rights under the Public Interest Disclosure Act 1998. This Act gives you protection from victimisation if you make certain disclosures of information in the public interest. The provisions are quite complex and include a list of prescribed persons outside of the Council who can be contacted in certain circumstances. You should seek advice on the effect of the Act from the Director of Legal & Governance (Monitoring Officer).
- 6.3 If you do take the matter outside the Council, you need to ensure that you do not disclose information where you owe a duty of confidentiality to persons other than the Council (e.g. service users) or where you would commit an offence by making such disclosures. This is something that you would need to check with one of the officers mentioned in Section 4.4.

#### 6.4 External Contacts

If for any reason you do not wish to use the internal arrangements set out above, or require additional support and advice, a list of some of the prescribed people and bodies to whom you can make a disclosure and whose functions have particular relevance to the council's work:

- The Audit Commission for England ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk))
- The Certification Officer ([www.certoffice.org](http://www.certoffice.org))
- The Care Quality Commission ([www.cqc.org.uk](http://www.cqc.org.uk))
- Ofsted
- The Office of the Children's Commissioner ([www.childrenscommissioner.gov.uk](http://www.childrenscommissioner.gov.uk))
- Her Majesty's Revenue and Customs (HMRC) ([www.hmrc.gov.uk](http://www.hmrc.gov.uk))
- Serious Fraud Office Confidential ([www.sfo.gov.uk](http://www.sfo.gov.uk))
- The Environment Agency ([www.environment-agency.gov.uk](http://www.environment-agency.gov.uk))
- The Food Standards Agency ([www.food.gov.uk](http://www.food.gov.uk))
- The Health and Care Professions Council (HCPC) ([www.hpc-uk.org](http://www.hpc-uk.org))
- The Health & Safety Executive ([www.hse.gov.uk](http://www.hse.gov.uk))
- The Homes and Communities Agency (HCA) ([www.homesandcommunities.co.uk](http://www.homesandcommunities.co.uk))
- The Information Commissioner ([www.ico.org.uk](http://www.ico.org.uk))
- Relevant professional bodies or regulatory organisations
- A solicitor or legal advisor
- The Police
- The Local Government Ombudsman ([www.lgo.gov.uk](http://www.lgo.gov.uk))

- The Council's External Auditors (Deloitte) ([www2.deloitte.com/uk](http://www2.deloitte.com/uk))

## **7. RESPONSIBILITY FOR IMPLEMENTING**

7.1 The responsibility for ensuring that the Council adheres to this Policy rests with the Corporate Leadership Team.

## **8. MONITORING AND REPORTING**

8.1 The Assistant Director (SWAP) will provide an annual report to the Council's Audit and Governance Committee which has responsibilities for overseeing the effectiveness of the Council's governance arrangements as well as the Standards Committee. All reporting will be anonymised and will only identify common themes, numbers of disclosures year on year and will highlight actions taken to improve systems and policies.

## **9. REVIEW**

9.1 This Policy will be regularly reviewed in line with future changes and developments and at least every two years.

## **10. RELATED POLICIES AND OTHER STRATEGIES**

10.1 The following policies support or are linked to the Whistleblowing Policy and Procedure.

- Anti-Fraud, Theft, and Bribery Strategy and Policy
- Codes of Conduct (employees and councillors)
- Grievance Policy and Procedure
- Disciplinary Procedures

## **11. WHISTLEBLOWING BY MEMBERS OF THE PUBLIC**

11.1 Unlike disclosures by employees, PIDA does not offer legal protection for disclosures made by members of the public. However, the Council will take reasonable and appropriate action to protect members of the public when they disclose a concern.

11.2 The Council considers that any such disclosure made by members of the public in respect of serious misconduct should be handled in the same way as concerns raised by employees.

11.3 Once a disclosure from a member of the public has been received by the Council, it will be handled in the same way as concerns raised by employees, unless it is considered more appropriate for the concerns to be dealt with using the Council's Complaints Procedure or any other procedure as appropriate.

11.4 The Council shall notify SWAP Internal Audit of all concerns, initial investigations and full investigations raised by members of the public under the Whistleblowing Policy and their outcome using SWAP's email address:-

[confidential@swapaudit.co.uk](mailto:confidential@swapaudit.co.uk)

## **APPENDIX 1**

### **INVESTIGATION ARRANGEMENTS**

SWAP Internal Audit must be notified of all concerns raised, initial assessments and full investigations undertaken under the Whistleblowing Policy and their outcome using SWAP's email address:- [confidential@swapaudit.co.uk](mailto:confidential@swapaudit.co.uk)

All concerns raised should also be passed to the Section 151 Officer (Director of Finance and Procurement), the Monitoring Officer (Director Legal & Governance), the Deputy Monitoring Officer, and the Head of Internal Audit (SWAP Assistant Director) irrespective of who was contacted in the first instance.

On notification of the concern, Wiltshire Council must inform SWAP as to whether SWAP is required to conduct the initial assessment of the concern or whether Wiltshire Council shall itself conduct the initial assessment.

All initial assessments will be undertaken by Wiltshire Council or SWAP Internal Audit Services.

The Monitoring Officer will advise on the legal implications and will:

- a) Arrange support and counselling for the employee who reported the concern as necessary; and,
- b) Provide advice on any necessary disciplinary action, if required.

Any initial assessment or full investigation carried out by SWAP Internal Audit Services will adopt the following good practice points:

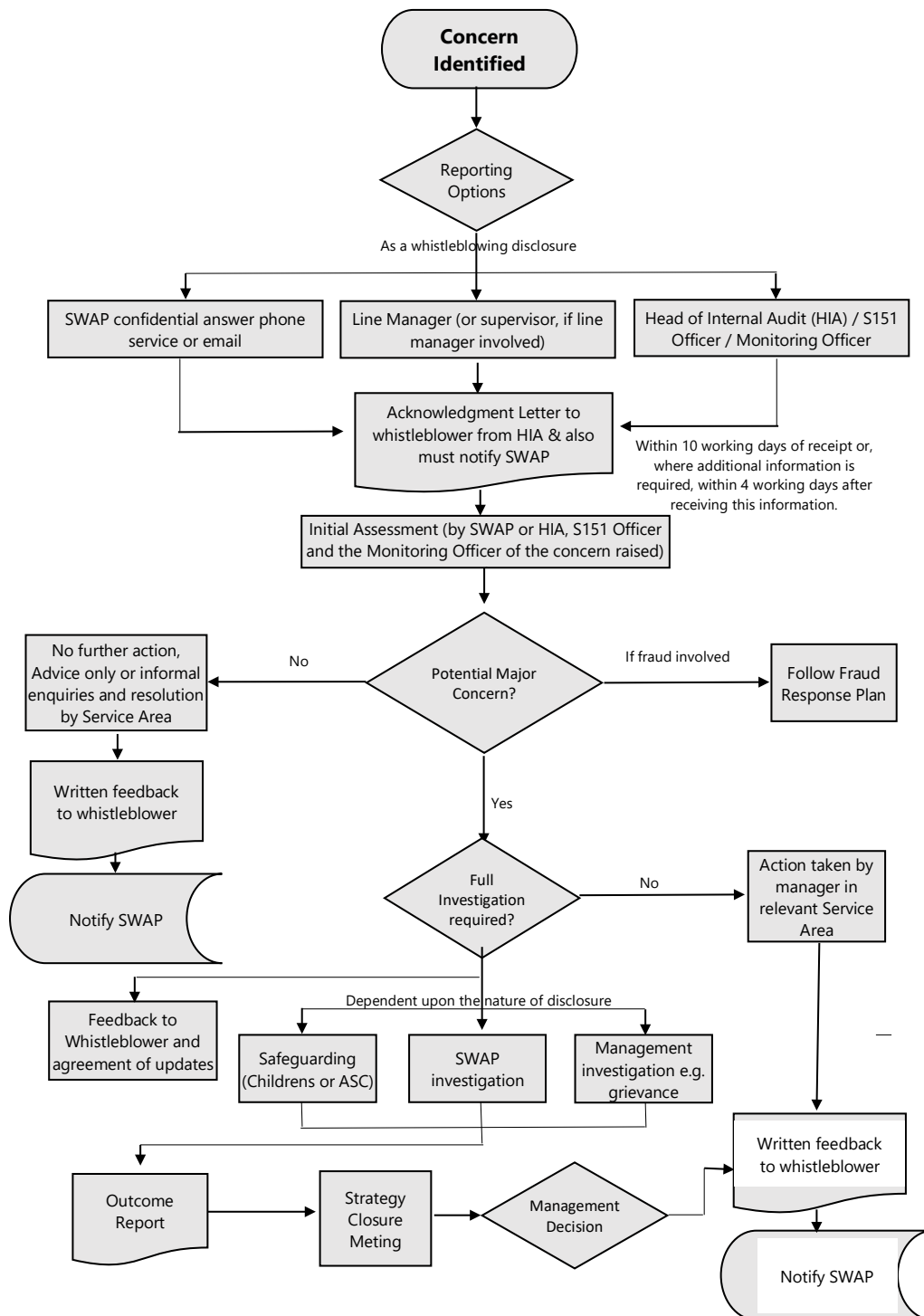
- Deal promptly with the allegation or concern.
- Contact the Police and other agencies as appropriate at an early stage and keep them and the employee who reported the concern informed of progress.
- Prepare a background or objectives statement and consider the likely outcome, i.e. prosecution and/or internal disciplinary action.
- Record all evidence received, ensure that it is sound, adequately supported and kept secure.
- Notify the Council's insurers where appropriate.
- Notify and liaise with the Monitoring Officer (Director Legal & Governance) and the Section 151 Officer (Director of Finance and Procurement);
- Identify actions required, systems weaknesses and lessons learnt.

Any initial assessment or full investigation carried out by other investigative teams shall adopt similar good practice points where relevant.



## APPENDIX 2

### Whistleblowing Procedure Flowchart



### **APPENDIX 3**

#### **WHISTLEBLOWING POLICY – Report Form for Whistleblowing Complaints**

Wiltshire Council is committed to the highest possible standards of openness, professionalism, and accountability. In line with that commitment we expect employees, partners, members of the public and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.

Description of the concern

Where possible include:

- Dates of
- Whether there were any
- Who was involved/other witnesses
- Why this is a concern
- Whether you have tried to raise this with your/a manager
- What the result was

You are encouraged to put your name to this report. Concerns expressed anonymously are much harder to investigate but will be considered at the discretion of the Monitoring Officer.

Name:		Service (if staff member)	
Address:		Contact Number:	
Date:		Signature:	

# Wiltshire Council and Pension Fund

Audit progress report and sector updates

July 2024



# Contents

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Sector Update	07

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

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This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

<https://www.grantthornton.co.uk/industries/public-sector/local-government/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at July 2024

## Financial Statements Audit

At the last meeting of this Committee, we indicated that our goal was to present an Audit Plan for each of the Council and the Pension Fund in July 2024, having been unable to do so as originally expected at the April meeting. We have been able to present a plan for the Pension Fund and this is included in the papers. However, we have been unable to do so for the Council as the work to support this plan is not complete. There have been significant delays in responses to some of our planning requests. Particular examples include our work on the Council's IT systems, for which requests were initially raised in October 2023 with full responses still not received as at the date of this report, and the "Informing the audit risk assessment" queries raised with management in February 2024 for which responses were not received until 27 June 2024.

We also note that draft statements for the 2023-24 financial year were not published by the 31 May 2024 deadline, nor have drafts for 2021-22 or 2022-23 yet been published. We understand from our ongoing conversations with officers that work is underway, but that drafts for 2023-24 are unlikely to be published for several more months and therefore our audit will not begin as planned in October and may not commence in 2024 at all. While we acknowledge the difficulties presently faced by officers in catching up on the backlog of accounts for publication, it is unlikely that we will be able to restore the audit process to functioning in a timely way for as long as the present situation persists and will consider potential use of our statutory powers as a result of the continued delays.

We would expect to be able to present an Audit Plan to you at the next meeting in September and we will continue to work with officers to achieve this.

## Value for Money

Interim work on the 2023-24 Value for Money conclusion has now been completed and the findings reported to you in our Interim Auditor's Annual Report which is included in today's papers. To date we have identified one significant weakness in arrangements under the "Financial sustainability" reporting area. This is supplemented by 15 improvement recommendations of which 6 relate to financial sustainability, 4 relate to governance, and 5 relate to improving economy, efficiency, and effectiveness. It is important to stress that we have not yet concluded on the risk of significant weakness in governance arrangements identified in our April progress report, as concluding on this will require us to complete the audit of the 2023-24 financial statements which has not yet been possible to begin.

## Other areas

### Meetings

We have continued to meet with your Director of Finance & Procurement on a regular basis.

# Audit Deliverables

Below are some of the audit deliverables planned for 2023/24.

2023/24 Deliverables	Planned Date*	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council's and Pension Fund's 2023/24 financial statements.</p>	<p>April 2024 (Council and Pension Fund)</p>	<p>Incomplete for the Council – now likely to be presented in September 2024</p> <p>Presented at this meeting for the Pension Fund</p>
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the Audit and Governance Committee.</p>	<p>September 2024 (Pension Fund)</p> <p>December 2024 (Council)</p>	<p>On track (Pension Fund)</p> <p>TBC (Council)</p>
<p><b>Auditors Report</b></p> <p>This includes the opinion on your financial statements.</p>	<p>December 2024 (both)</p>	<p>TBC (both)</p>
<p><b>Auditor's Annual Report</b></p> <p>This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.</p>	<p>July 2024 (Council only)</p>	<p>Interim report complete</p> <p>Cannot be finalised until account audit complete</p>

\*The planned dates are subject to national timetables, agreement with officers, the national backstop arrangements (see page 6), and unforeseen technical issues that may arise during the audit period. However, our expectations is to complete all necessary work by 31 December 2024 where possible

# Audit Backstop - update

As we have previously updated, the Government consulted in February 2024 on a proposal to introduce a series of statutory backstops to bring the local audit system back on track. The proposals also included a series of updates to the NAO's Code of Audit Practice.

Our understanding was that the necessary regulations to enact the backstop legislation were due to be laid before Parliament prior to summer recess in July 2024. This would have enabled the legislative framework which would have enabled the 30 September 2024 backstop to be implemented.

The calling of a General Election in July puts this timetable in considerable doubt. The Government that was elected as of 5 July will have to both decide if it wants to implement the backstop solution and if so, determine the timetable by which it happens. In the meantime, we will continue with the plan we have informed you of in respect of your audit, which is to undertake the audit of the 2023-24 financial statements to the maximum extent that it is possible to do so until arrangements have been confirmed.

## Page 100 Audit sign off as at 31 May 2024

As at the end of May, we had signed 136 audits for 2022/23, representing 65% of our local government population. We envisage achieving a 75% sign off rate by the end of September. This compares with a sign off rate for other firms at the end of May of 7% (18 audits). If the backstop is extended to the end of the year, we envisage the Grant Thornton figure moving to 80% completion.

We had signed off 81% of our 2021/22 audits by the end of May. We envisage achieving an 85% sign off rate by the end of September. Other firms had signed off 48% of audits by the end of May.

Audit year	Grant Thornton audits signed	Grant Thornton audits signed	Other firms
	Position as at end of May 2024 (%)	Forecast position end of Sep 2024 (%)	Position as at end of May 2024 (%)
2022-23	65	75	7
2021-22	81	85	48
2020-21	92	92	81



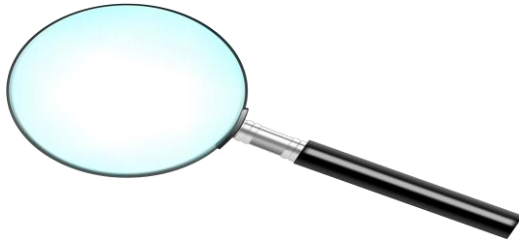
# Change of external auditor – how to get the best out of new arrangements

With 2023/24 being the first year of a new five-year PSAA contract for external audit, and the year-end (31 March 2024) having just passed, many Local Authorities will now be starting to work closely with a new incoming external auditor. Audit delays from the past mean that for some Local Authorities, this will be the first close experience of working with an external auditor for several years.

When it works well, external audit can provide management with valuable insight and, at the same time, demonstrate to the public that there has been proper use of, and accounting for, public money. To get the best out of this year's audit though, many Local Authorities will need to take effective steps to close-down the prior year backlog whilst simultaneously ensuring a smooth transition between different external auditors.

A recent Local Government Association “Must know” guide on working with auditors may help with navigating the unique challenges that this year's audit cycle poses. The guide provides an oversight of internal and external audit functions and outlines what to expect from external audit, and when to expect it.

For the full guide, see [Must know guide: Working with auditors | Local Government Association](#).



## Working well with a new external auditor

- **Understand the respective responsibilities of the Local Authority and the external auditor.**
- **Be open to early meetings between senior executives and the new external auditor.**
- **Understand that outgoing and incoming external auditors will need time to confer.**
- **Introduce the Head of Internal Audit.**
- **Facilitate introductions for the Audit Committee.**
- **Share the timetable and be clear about how timetable risk will be managed.**
- **Provide a named single point of contact and appropriate supporting resources.**
- **Provide early information around any new projects, including commercial projects.**
- **Provide appropriate access to IT systems and records.**
- **Respond promptly to requests for information.**
- **Ensure that all relevant staff affected by the external audit process understand what to expect and why it is important.**

# Local government elections – what do they mean for Audit Committees?

With the 2nd May 2024 local government elections having seen changes at many of the 107 local authorities that took part, for many local authorities it is now time to agree Audit Committee membership at the start of a new municipal year.

Whilst newly elected administrations will inevitably want to focus on new strategic vision and “fixing things”, it will be important to remember to continue to “defend things” and protect the underlying mechanics of effective government as well.

The Audit Committee is one of the key lines of defence for a local authority. Its members oversee governance, risk management, internal and external audit, anti-fraud arrangements, financial reporting and statutory duties.

Following the local elections there may be changes to appointments to the Audit Committee. Experience shows that the Committees are more effective when appointments are non-political; cover a range of relevant skills and experience (including financial expertise); and include at least one independent, co-opted member. Two independent co-opted members is generally considered best practice.

Once appointed, the new Audit Committee will need to build relationships with internal audit, external audit, and senior management. It may also want to review its terms of reference. Training needs of new Audit Committee members will also need to be identified and training provided.

Annual reviews of Audit Committee effectiveness are common, but for the early days, new Committees may wish to make use of the Local Government Association’s April 2024 “Ten Questions” to make sure they start by steering on the right path.

For a full copy of the Local Government Association’s guide, see [Ten questions for audit committees](#).

## Ten questions for a newly formed Audit Committee

- **How can we be an effective Audit Committee?**
- **What might we miss as an Audit Committee?**
- **How will we get assurance for ourselves and others regarding governance, risk management, internal control, and the accuracy of financial reporting?**
- **What is management doing to ensure there is an effective culture?**
- **How does management support and promote the role of audit (internal and external)?**
- **How will management provide us with practical support?**
- **What is internal audit’s role, scope, and mandate? How should internal audit be resourced?**
- **How does internal audit set its audit plan? Is internal audit providing assurance around business-critical risks?**
- **How do we know we have an effective internal audit function?**
- **How should internal and external auditors work together to complement each other?**
- **What are the 2-3 things we should be most worried about?**

# LGA Improvement and Assurance Framework

On 24 May 2024 the Local Government Association (LGA) published an Improvement and Assurance Framework which is applicable to unitary, county, district and borough councils in England, and to English authorities with all types of governance system.

There has not previously been a document or framework which sets out, in one place, the various required components of local government assurance, how they all fit together, how to use them effectively and what improvement support is available to help. This framework aims to:

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support councils to understand how to use the components within the framework and how they fit together;

increase the effectiveness of assurance in the sector. While it cannot itself prevent failures, its use may reduce the risk – and costs – of statutory or non-statutory intervention, whether by Oflog, central government or other regulators;

- make it easier for local residents and businesses to understand how to hold their local authority to account.

The framework includes content on:

- A definition of assurance.
- How does accountability work?
- Components of the improvement and assurance framework.
- Working with auditors.
- Guidance on taking a structured and robust approach to considering commercial activity.

- Guidance for officers in key statutory roles and for key committees including the Audit Committee.
- How does the council hold itself to account?
- Key principles of good assurance and accountability.

The framework can be accessed here:

<https://www.local.gov.uk/publications/improvement-and-assurance-framework-local-government-0>



# The State of the Locals

In April, shortly before the recent local government elections, a “State of the Locals” report found that public trust in government at all levels is falling, but that public trust in local councillors and the Local Authorities they run is still almost twice as strong as public trust in the national UK government.

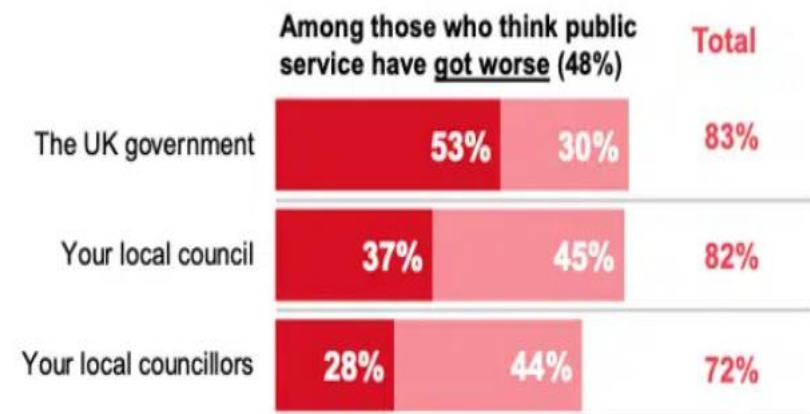
The report, published by the Local Government Information Unit (LGIU), found that the public do recognise the role that Local Authorities and their members play and do credit them when things go well. However, the report also found that the public believe services have got worse over the last five years overall; believe Local Authorities play a significant role in this (although not as great a role as the national government); and do not always understand what Local Authorities do.

For new members joining local government for the first time and for the more experienced members starting or continuing their term, it’s worth reflecting on LGIU findings. From the surveys that LGIU carried out, detailed findings show that people feel residents should be included more within decision-making processes; but there remains a low level of public awareness about what local government does.

This may be a good time to revisit communications strategies. Educating the public about the role and functions of local government, as well as the outcomes that members are actually able to achieve, might not only protect trust at its current level above national government, but also pave the way for a stronger level of trust overall in the future.

For a full copy of the LGIU report, see [The State of the Locals 2024 - LGIU](#)

## State of the Locals extract: Who do the public think are responsible?



# Productivity plans – new guidelines revealed and a note of caution

On 16th April 2024, Local Government Minister Simon Hoare wrote to all Local Authority Chief Executives, asking them to formally begin compiling their productivity plans. Key things for members to be aware of are:

- There is no formal template and there are no specific metrics to report;
- Four categories are proposed for consideration. These surround resources; technology; reducing wasteful spend; and the barriers preventing progress;
- Metrics and performance indicators are expected to be included in the plans, but Local Authorities can decide for themselves which ones are relevant to include;
- Plans should be three to four pages long and need to be returned to DLUHC by 19<sup>th</sup> July 2024, with members having endorsed them first; and
- For transparency, plans should then be published on the Local Authority's website, so that residents can see them and, over time, monitor progress.

Whilst this may feel like additional burden, there will presumably be scope for using key performance indicator metrics already available.

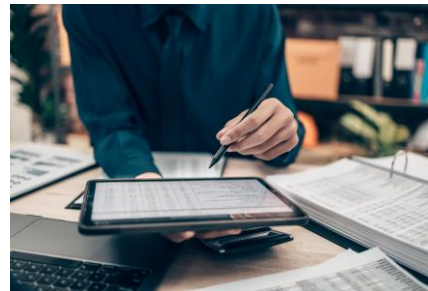
The current intention of government is not to use Productivity Plans for rating or scoring or for league tables, but rather to inform policy considerations in the future. However, most Councils will remember that the Times recently used Office for Local Government data to compile and publish its own league table, so far without any redress from national government.

For Productivity Plan metrics, as for any other performance indicators, it will be important to be clear about what drives the metrics. Whether for a three-to-four-page productivity plan or for any other domain, simply obtaining data isn't enough. Understanding the data, explaining it to residents, and acting on it is ultimately what matters most.

For recent comments from the Local Government Lawyer on Simon Hoare's letter to Chief Executives and on the Times's league table see:

[Government reveals guidelines for new council 'productivity plans'](https://www.localgovernmentlawyer.co.uk/government-reveals-guidelines-for-new-council-productivity-plans/) ([localgovernmentlawyer.co.uk](https://www.localgovernmentlawyer.co.uk))

[Councils cry foul after Oflog data used for Times article on 'worst-performing councils'](https://www.localgovernmentlawyer.co.uk/councils-cry-foul-after-oflog-data-used-for-times-article-on-worst-performing-councils/) ([localgovernmentlawyer.co.uk](https://www.localgovernmentlawyer.co.uk))



# Housing and homelessness – continuing crisis and a new reform

The Levelling-Up, Housing and Communities (LUHC) Committee published a report on the finances and sustainability of the social housing sector on 29th April 2024, arguing that the Government needs to deliver 90,000 more social homes for rent each year to alleviate the “continuing chronic shortage” of social housing.

Just one day later, latest quarterly statistics on statutory homelessness and households in temporary accommodation were released. They made for sobering reading when compared with equivalent quarterly statistics from the previous year, underlining the real affect that our shortage of housing is having:

- 4.8% increase in overall initial assessments for homelessness year on year;
- 15.8% increase in households owed a relief duty this year compared to last;
- 15.3% increase in households owed a main homelessness duty;
- 12.1% increase in households in temporary accommodation;
- 15% increase in households with children in temporary accommodation.

For short term responses to homelessness, the February 2024 announcement that the Government would top up local authority homelessness prevention grants by £109 million will doubtless be helpful, as perhaps could be some certainty around the future of no-fault eviction laws. For a long-term solution though, addressing the supply of housing stock itself may still the best means of addressing the root cause of homelessness issues.

A new reform came into effect on the same day that homelessness statistics were published. Since 30<sup>th</sup> April, Local Authorities have been empowered to buy land for development through using Compulsory Purchase Orders without paying inflated ‘hope value’ costs. ‘Hope value’ estimates the cost land could be worth if it was developed on in the future, often meaning that Local Authorities have been forced to pay potentially thousands more to buy the land they need for housing and/ or have become entrenched in protracted disputes.

Housing and homelessness are complex areas and there is unlikely to be any quick fix solution. The new reform may help stimulate the building activity needed to address at least one part of the problem though, and in this respect is likely to be welcome.

For a full copy of the LUHC Committee report, see

[The Finances and Sustainability of the Social Housing Sector \(parliament.uk\)](https://www.parliament.uk/publications/2024/04/levelling-up-housing-and-communities-committee-report-the-finance-and-sustainability-of-the-social-housing-sector)

For the latest statistics on homelessness and households in temporary accommodation, see [Statutory homelessness in England: October to December 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/statutory-homelessness-in-england-october-to-december-2023)

For details of the new reform around hope values, see [New powers for councils to help build more affordable homes - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-powers-for-councils-to-help-build-more-affordable-homes)



# Design for life – the smart regeneration journey to 2030

Leading think tank Localis published an analysis of local regeneration policy on 8th May 2024, making a series of recommendations to national government around how best to develop the public realm over the rest of this decade.

Localis highlighted that local regeneration projects, particularly in urban areas, are key to addressing the national housing crisis; national net zero targets; and national health aspirations.

Recommendations that the report called on national government to implement included:

- Return to strategic regional planning;
- Establish regional planning offices;
- Provide single revenue and capital budgets to Local Authorities instead of splitting the budgets;
- Stop loosening regulation over council asset sales;
- Mandate that local and regional development plans will include carbon assessments and promote urban sites;
- Provide long term financial settlements, to reduce fiscal uncertainty and encourage public-private partnership; and
- For health and wellbeing aspects of regeneration, base additional funding on demographic profiles.

Localis described local authorities as “the hinge around which regeneration actors revolve.” Whilst their recommendations would require changes in national policy, there are best practice questions that Local Authorities can be asking themselves now:

- Is our planning department properly financed?
- Are our regeneration goals sufficiently balanced across housing, carbon and community health needs?
- Do we have effective ongoing relationships with partners so that we can leverage short term funds quickly when they do become available?
- Can we scale up capacity for regeneration by pooling leverage with local NHS bodies, the third sector and community organisations?

For a full copy of the Localis report, see

<https://www.localis.org.uk/research/design-life-smart-regeneration-journey-2030/>



# Simpler Recycling – new rules to be aware of

The Department for Environment, Food and Rural Affairs (DEFRA) announced on 9th May 2024 that simpler recycling rules are going to be introduced. Local Authorities are likely to be required to comply by 2026. The new rules aim to simplify recycling processes and boost recycling rates, although they have met with significant criticism.

To be ready for compliance with the new rules, Local Authorities need to prepare for:

Standardisation:

All Local Authorities in England will be required to collect a consistent set of recyclable materials: Plastics; Glass; Metals; Paper and Card; and Food Waste. The intention is to remove uncertainty and variation around the country about what can and cannot be recycled.

A three-bin arrangement:

‘Dry recycling’ items such as cardboard and paper, tins and glass will be collected in one bin. Organic waste (food and garden) will be collected in a second bin. Residual (non-recyclable) waste will be collected in a third.

Weekly and fortnightly requirements:

Food waste collection will be required weekly. Local Authorities will be required to collect residual waste on a fortnightly basis, even if at present they have already successfully transitioned to a three-weekly cycle.

Critics have pointed out that mixed dry recycling may contaminate paper and lead to less of it being recycled; whilst the move away from three weekly residual waste collection in favour of a fortnightly residual waste collection is likely to reduce recycling overall. Nevertheless, the reform has been passed and Local Authorities will need to be ready. Important steps to take now are:

- Review and update the Waste Management Strategy;
- Engage with finance business partners to ensure that activity will be accurately recorded and, in turn, translated to relevant new funding claims;
- Explore whether the changes in themselves generate new income opportunities; and
- Assess the readiness of contract delivery partners.

For DEFRA’s comments on the reform, see [Simpler bin collections for England to boost recycling - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/simpler-bin-collections-for-england-to-boost-recycling)





# Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email [ami.beeton@local.gov.uk](mailto:ami.beeton@local.gov.uk) LGA Senior Adviser, for more information.

Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiaa.org/globalassets/documents/resources/the-iaa-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



# Wiltshire Pension Fund Audit Plan

Year ending 31 March 2024

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June 2024



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## Your key Grant Thornton team members are:

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

# Key matters

## National context

The national and international economic context continues to present challenges for pension funds. Inflationary pressures at home and abroad and wider geopolitical issues mean there is volatility in global markets with a consequential impact on the investments held by pension funds.

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of local government pension funds and set employer contribution rates for the period 2023/24 to 2025/26. In November 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published the outcome of their consultation on local government pension scheme investments. The government will now implement proposals which include revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025, regulation to require funds to set a plan to invest up to 5% of assets in levelling up the UK and revised investment strategy statement guidance to require funds to consider investments to meet the government's ambition of a 10% allocation to private equity. The Chancellor has also outlined plans that local government pension funds will be invested in pools of £200bn or more by 2040.

DLUHC have also consulted on proposals to require local government pension scheme administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Climate risk (TCFD) reporting in the LGPS is expected to commence from 1 April 2024, with first reports due in late 2025. We are also aware that administration teams will be tasked with implementing the McCloud remedy for qualifying members' pensions which came into force from 1 October 2023.

In planning our audit, we have taken account of this national and international context in designing a local audit programme which is tailored to your risks and circumstances.

## Audit Reporting Delays

Against a backdrop of ongoing audit reporting delays, in October 2023 PSAA found that only five local government accounts had been signed by the September deadline. In June 2023 the Public Accounts Committee (PAC) also produced a report setting out their concerns over these audit reporting delays. We issued our report [About time?](#) in March 2023 which explored the reasons for delayed publication of audited local authority accounts.

Local authorities which administer local government pension funds are required to publish full pension fund accounts in the same document as their local authority accounts. This requirement means that the audited accounts of the host authority and related fund cannot be finalised until both audits have been completed. This co-dependency has compounded delays in the conclusion of pension fund audits and publication of audited accounts and annual reports.

In our view, to enable a timely sign off of the financial statements, it is critical that draft local authority accounts are prepared to a high standard and are supported by strong working papers.

The last audit opinion issued was for the Pension Fund's 2018/19 financial statements. As such, we expect "backstop" disclaimer opinions to be issued in line with DLUHC's consultation. As such, the contents of the Audit Plan are based on information we are aware of at the time of issue. Should any significant changes be noted, we will update the Audit and Governance Committee through our regular reports.



# Key matters - continued

## Changes in IT systems

In November 2023 the Pension Fund and Council introduced a new financial ledger system, moving from SAP to Oracle Fusion. Moving financial systems creates an audit risk over the completeness and accuracy of the data transfer, and we consider this to be a significant risk. Our IT Audit colleagues will be supporting us in understanding the controls in place over both ledger systems and we will also substantively test any data migration work to ensure that there is a clear trail of balances transferred. As well as this audit risk there is also an operational risk if the system implementation does not go to plan or the system does not perform as expected.

## Our Responses

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In 2023 Public Sector Audit Appointments Ltd (PSAA) awarded a contract for the audit of the Pension Fund to begin with effect from 2023/24. As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out in this Audit Plan, has been agreed with the Section 151 Officer. Later in this Audit Plan we set out the four contractual stage payments for this fee, with payment based on delivery of specified audit milestones.

To ensure close working with our local audited bodies and an efficient audit process, our preference as a firm is to work on site with you and your officers. Please confirm in writing if this is acceptable to you, and that your officers will make themselves available to our audit team. This is also in compliance with our delivery commitments in our contract with PSAA.

- We regularly meet with the Section 151 Officer as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit and Governance Committee, to brief them on the status and progress of the audit work to date.
- We will continue to provide you and your Audit and Governance Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our updates to that Committee.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector.

# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Wiltshire Pension Fund (‘the Pension Fund’) for those charged with governance.

## Respective responsibilities

The National Audit Office (‘the NAO’) has issued a document entitled Code of Audit Practice (‘the Code’). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. The NAO is in the process of updating the Code and we will communicate any implications of the revised Code on this audit.

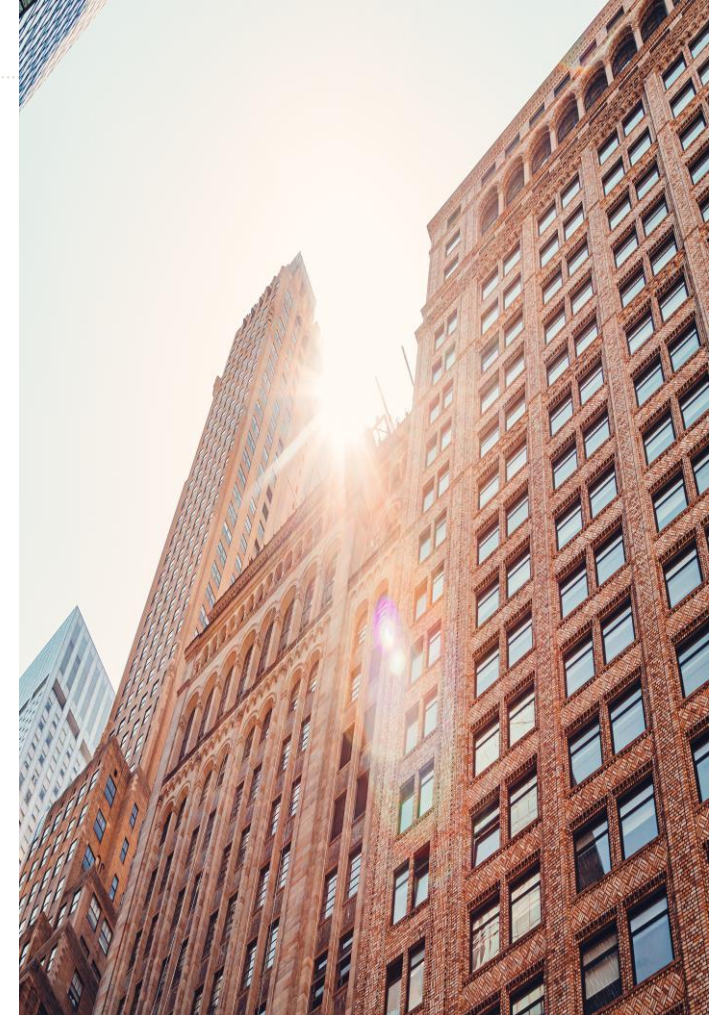
Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Pension Fund. We draw your attention to these documents.

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Pension Fund’s financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Committee).

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Pension Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Pension Fund's business and is risk based.



# Introduction and headlines

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- management over-ride of controls;
- valuation of Level 3 investments; and
- completeness and accuracy of data transfer to new financial ledger.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £15m for the Pension Fund, which equates to approximately 0.5% of your gross investment assets as at 31 March 2023.

We have determined a lower specific planning materiality for the Fund Account of £3.6m, which equates to approximately 2.5% of the gross expenditure of the fund account in the prior year.

We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance.

Clearly trivial has been set at £0.75m.

## Audit logistics

Our planning work took place in February and March 2024 and we anticipate that our final audit will take place from July to September 2024. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our preference is for elements of our work to take place on-site alongside your officers.

Our proposed fee for the audit of the Pension Fund will be £92,092, subject to the Pension Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

Our understanding is that the Custodian does not independently value the Pension Fund’s investments, meaning we are not able to rely on the triangulation of the valuations included in the financial statements to investment manager and custodian confirmations. As a result, we carry out further audit procedures to gain assurance over the valuations of these investments.

For Level 1 and Level 2 investments we will agree these to available market information where available and we will supplement this with other information (e.g. the financial statements for pooled property funds) where market information is not readily available.

See page 9 for further details regarding our approach to auditing the valuation of Level 3 investments.

We have complied with the Financial Reporting Council’s Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.



# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited; and</li> <li>• the culture and ethical frameworks of local authorities, including Wiltshire Pension Fund, mean that all forms of fraud are seen as unacceptable.</li> </ul>	<p>No specific work is planned as the presumed risk has been rebutted.</p> <p>We will keep this rebuttal under review during the course of our audit and report our findings in the Audit Findings Report.</p>
The expenditure cycle includes fraudulent transactions (rebutted)	<p>Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states:</p> <p>"As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition". Public sector auditors therefore need to consider whether they have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.</p> <p>We have rebutted this presumed risk for Wiltshire Pension Fund because:</p> <ul style="list-style-type: none"> <li>• expenditure is well controlled and the Fund has a strong control environment; and</li> <li>• the Fund has clear and transparent reporting of its financial plans and financial position to those charged with governance.</li> </ul>	<p>No specific work is planned as the presumed risk has been rebutted.</p> <p>We will keep this rebuttal under review during the course of our audit and report our findings in the Audit Findings Report.</p>

‘Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.’ (ISA (UK) 315)

# Significant risks identified - continued

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.	We will: <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals;</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

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Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

# Significant risks identified - continued

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of level 3 investments	<p>The Fund revalues its investments on an annual basis at the year end to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>By their nature, level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2024.</p> <p>We have therefore identified valuation of level 3 investments as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes for valuing level 3 investments;</li> <li>• review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments, to ensure that the requirements of the Code are met;</li> <li>• independently request year-end confirmations from investment managers and custodians;</li> <li>• for a sample of investments, test the valuation by obtaining and reviewing the audited accounts (where available) at the latest date for individual investments, and agreeing these to the fund manager reports at that date. We will also reconcile those values to the values at 31 March 2024 with reference to known movements in the intervening period;</li> <li>• in the absence of available audited accounts, we will evaluate the competence, capabilities and objectivity of the valuation expert; and</li> <li>• where available review investment manager service auditor report on design effectiveness of internal controls.</li> </ul>

# Significant risks identified - continued

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Data migration with new system implementation	There has been a new system implementation during the year. The Council and Pension Fund migrated its financial reporting from SAP to Oracle Fusion in November 2023. We have therefore identified a significant risk in relation to the post-migration data completeness and whether the system functionality of the new system is operating to design.	We will include specific procedures to address the risk in our IT audit strategy (see page 15).

# Other matters

## Other work

The Pension Fund is administered by Wiltshire Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements.

Therefore, as well as our general responsibilities under the Code of Practice, a number of other audit responsibilities also follow in respect of the Pension Fund, such as:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
  - Giving electors the opportunity to raise questions about your 2023/24 financial statements, consider and decide upon any objections received in relation to the 2023/24 financial statements;
  - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State;
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; and/or
  - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description	Planned audit procedures
<p><b>Determination</b></p> <p>We have determined financial statement materiality by applying a reasonable measurement percentage to an appropriate benchmark. Materiality at the planning stage of our audit is £15m, which equates to approximately 0.5% of your gross investment assets as at 31 March 2023.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> <li>• establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;</li> <li>• assist in establishing the scope of our audit engagement and audit tests;</li> <li>• determine sample sizes; and</li> <li>• assist in evaluating the effect of known and likely misstatements in the financial statements.</li> </ul>
<p><b>Other factors</b></p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature where it may affect instances when greater precision is required.</p> <p>We have determined a lower specific planning materiality for the Fund Account of £3.6m which equates to approximately 2.5% of the gross expenditure of the fund account in the prior year. The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which materiality for the financial statements as a whole will be applied.</p>
<p><b>Reassessment of materiality</b></p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>

# Our approach to materiality

## Description

### Other communications relating to materiality we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

## Planned audit procedures

We report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.75m. If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.

In setting our materiality levels, we consider the following qualitative factors:

- Key users of the financial statements and which performance measures key stakeholders for the entity are interested in;
- The business environment;
- The control environment; and
- Other sensitivities (e.g. Changes in regulations).

# IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
SAP	Financial reporting (until November 2023) Payroll	Design and implementation effectiveness
Oracle Fusion	Financial reporting (from November 2023)	Design and implementation effectiveness
Pension Administration System (Altair)	Member data	Design and implementation effectiveness



# IT audit strategy

In addition, due to the significant changes during the period, specifically the new system implementation, additional audit procedures will be completed to address the additional risks of material misstatement identified.

IT system	Event	Relevant risks	Planned IT audit procedures
Oracle Fusion	New system implementation	Post migration data completeness and accuracy; system functionality operating to design.	<p>We will:</p> <ul style="list-style-type: none"> <li>• obtain an understanding of the process used for new system implementation; and</li> <li>• perform an audit of data migration activity and results</li> </ul>

# Audit logistics and team



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**Jackson Murray, Key Audit Partner**

Provides oversight of the delivery of the audit including regular engagement with Committees and senior officers.



**Liam Royle, Audit Manager**

Plans and manages the delivery of the audit including regular contact with senior officers.

## Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you;
- ensure that the agreed data reports are cleansed, are made available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing;
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit; and
- respond promptly and adequately to audit queries.

# Audit fees and updated Auditing Standards

Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for the Pension Fund to begin with effect from the 2023/24 financial year.

The scale fee set out in the PSAA contract for the 2023/24 audit is £84,562.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only);
- Production of the draft audit planning report to Audited Body;
- 50% of planned hours of an audit have been completed; and
- 75% of planned hours of an audit have been completed.

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here <https://www.psa.co.uk/appointing-auditors-and-fees/fee-variations-overview/>.

## Assumptions

In setting fees, we have assumed that the Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit;
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements;
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements; and
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

## Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

# Audit fees

	Proposed fee 2023/24
Wiltshire Pension Fund Audit scale fee	£84,562
ISA 315	£7,530
Potential impact of delayed 2022/23 audit opinion	TBC
<b>Total proposed audit fees (excluding VAT)</b>	<b>£92,092</b>

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## Previous year

2022/23 the scale fee set by PSAA was £18,669. The actual fee charged for the audit is yet to be determined as the work is not yet complete. Grant Thornton UK LLP were not the appointed auditor for periods prior to 2023/24.

Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work.

If the opinion on the 2022/23 (and prior years beginning 2020/21) audit is disclaimed due to the imposition of a backstop date, we will need to consider what further audit work may be required in respect of opening balances. We will discuss the practical and financial implications of this with you should this circumstance arise.

## Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \[revised 2019\]](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

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# Independence and non-audit services

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## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund.

## Other services

No other services provided by Grant Thornton were identified.

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings Report
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings Report
Identification or suspicion of fraud( deliberate manipulation) involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.





# Interim Auditor's Annual Report on Wiltshire Council

2023/24

July 2024

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# Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2023/24 is the fourth year that these arrangements have been in place. Your previous external auditor is yet to issue Auditor's Annual Reports for 2020/21 to 2022/23 inclusive. Therefore, we have had to produce our commentary without knowledge of the outcome of VFM work for prior periods. We will be mindful of any findings from your previous external auditor once they report and may need to revisit our findings as a result.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

The National Audit Office, in its consultation of February 2024, has indicated that it will in future require auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year and for the audited body to publish the Report thereafter. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible. We are therefore sharing this report with you in advance of the National Audit Office's new Code being introduced. In the event that any new audit requirements are introduced when the Code is published, we will revisit these before finalising this report.

In addition, when we complete our work on the Council's 2023/24 financial statements, we will consider the Statutory Recommendation made by your previous external auditor as issued in February 2024 and update our final Auditor's Annual Report as necessary.

Criteria	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements
Financial sustainability	One risk of significant weakness identified regarding the Council's Dedicated Schools Grant (DSG) High Needs Block deficit.	R Significant weakness in arrangements as a result of the increasing DSG deficit with one key recommendation raised. Six improvement recommendations have been made in respect of the wider financial sustainability criteria.
Governance	One risk of significant weakness noted related to the predecessor auditor's Statutory Recommendation in respect of the 2019/20 financial statements issued in February 2024.	A The work we have undertaken to date has not identified any significant weaknesses in governance arrangements, however, to conclude on this risk of significant weakness we need to undertake work on the 2023/24 financial statements audit and hence we will need to revisit our reporting in this area. No significant weaknesses in arrangements identified at this stage and four improvement recommendations identified in respect of governance.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, five improvement recommendations made.

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

# Executive summary (continued)



## Financial sustainability

The Council is receiving Government funding related to its DSG deficit in six tranches to the value of £76m, as part of the Safety Valve programme. The cumulative deficit as at 31 March 2024 has reduced from £56.2m to £29.4m (£26.8m Safety Valve funding received in 2023/24, tranche one). If the actions agreed within the plan with the Department for Education prevent costs escalating further, the cumulative deficit should be £70m by 2028/29. The Council's intention is that this remaining deficit will then be met by the Council's own high needs earmarked reserve. The Council projects to have £11.5m in this reserve at the end of 2023/24 and £18.4m by the end of 2024/25.

There is currently a statutory override in place nationally which permits the Council's DSG deficit to be ring fenced, with no requirement for it to be backed by cash balances. If this statutory override is not renewed past 2025/26, which is when the current legislation is due to end, the Council's reserve would not be sufficient to meet the projected DSG deficit of £92.9m at 31 March 2026, as the Council estimates that its total reserves would be £86.4m at the end of 2025/26. Management are of the view that the legislation must be extended given the potential impact on the sector, however at the point of our work this has not been done and therefore there remains a risk to the Council's finances.

It should be noted that the level of reserves quoted above is not based upon audited financial statements, as the audit opinion for the 2019/20 financial statements remains outstanding and we note the previous external auditor intends to issue a disclaimer opinion, having reported pervasive weaknesses in controls and a significant volume of errors that they identified through their 2019/20 audit. We also expect that the 2020/21 to 2022/23 audit opinions will be subject to a "backstop" disclaimer, and we currently await Government guidance on this. Therefore, less assurance can be placed upon the projected balances than if they had been audited.

Whilst DSG funding is not an issue specific to Wiltshire Council, the significant deficit at the Council, including the projected deficit that will need to be met by Council reserves should its forecast plan be met, does currently represent a significant risk to the Council's longer-term financial sustainability. This is also acknowledged and clearly reported by management in their budget reports. Due to the significance of this matter and the circumstances at 31 March 2024 we have raised a key recommendation related to this significant weakness which has been accepted by Management. See page 5 for more detail.

Further, we have identified six improvement recommendations as a result of our work on financial sustainability, including that the Council should:

- review its processes to both approve and profile individual capital projects, taking into account the expected spend in the last quarter of the year;
- strengthen financial planning by introducing scenario and sensitivity analysis within the budget and Medium Term Financial Strategy (MTFS);
- refresh and report progress against the actions set out within its workforce strategy;
- monitor and report on the amount of non-recurrent savings planned and delivered each year;
- continue to standardise and monitor the benefits and savings delivered through transformation and embed the savings within the MTFS; and
- consult with residents as part of the budget setting process.

# Executive summary (continued)



## Governance

We have not identified any significant weaknesses in the Council's governance arrangements for ensuring that it made informed decisions and properly managed its risks. We have identified four improvement recommendations, including that the Council should:

- improve its risk management arrangements as previously set out in Internal Audit's 2023 report;
- ensure that the arrangements for monitoring the implementation of internal audit recommendations are embedded, and also ensure that the process leads to timely implementation of internal audit recommendations;
- undertake a self-assessment exercise of the effectiveness of the Audit and Governance Committee; and
- consider introducing annual declarations of interest including nil returns where appropriate for key officers.

We have not yet undertaken work on the risk of significant weakness identified in respect the predecessor auditor's Statutory Recommendation on the 2019/20 financial statements issued in February 2024. To conclude this work, the Council will need to produce financial statements and make them available for audit.



## Improving economy, efficiency and effectiveness

The Council had arrangements in place to manage its performance, administer its contracts appropriately and work effectively with partners. Our work has not identified any significant weaknesses in arrangements to improve economy, efficiency and effectiveness.

We have identified areas where the Council could improve arrangements and as such, have raised five improvement recommendations. The Council should:

- develop a data quality policy;
- develop a corporate approach to benchmarking and service review;
- undertake a risk assessment to understand the risks posed by being a shareholder of the Stone Circle Group (SCG) and ensure that any potential conflicts of interest resulting from having employees on the SCG Board are effectively managed and mitigated;
- report on the performance of key partnerships to the Audit and Governance Committee; and
- progress work to address the requirements of the 2023 Procurement Act and report waivers to members on a regular basis.



## Financial Statements opinion

We have begun our financial statement audit planning for 2023/24, however at the time of writing the predecessor auditor's audit opinions for 2019/20 to 2022/23 have yet to be issued and the Council is yet to publish draft financial statements for 2021/22 and 2022/23.

The deadline for publication of draft 2023/24 financial statements is 31 May 2024 and this was also missed.

More information can be found on page 43.



# Key recommendations

## Key Recommendation 1

The Council should:

- drive forward its Safety Valve management plan to ensure actions are delivered as planned and at pace;
- effectively monitor progress against its plan to ensure that progress is understood, and corrective action can be taken if required; and
- keep under review its governance arrangements to ensure they remain effective and are developed and improved as required.

## Identified significant weakness in arrangements

The Council does not have adequate arrangements in place to prevent a significant increase in the DSG deficit.

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## Summary findings

The Council was invited to take part in the Department for Education's Safety Valve programme in July 2023. Following a range of consultation the Council's Safety Valve management plan (High Needs Sustainability Programme) was submitted to the Department for Education in December 2023. This plan and subsequent funding of £67m from 2023/24 to 2028/29 was agreed on 12 March 2024. The Council as part of this agreement received £26.8m in March 2024.

The Safety Valve funding will be paid in six tranches and, should the agreed actions prevent costs escalating, the cumulative deficit should be reduced to £70m by 2028/29. The Council's intention is that this remaining deficit will then be met by the Council's own high needs earmarked reserve. The Council projects to have £11.5m in this reserve at the end of 2023/24 and £18.4m by the end of 2024/25. However, if the statutory override currently in place is removed in 2025/26, this reserve would not be sufficient to meet the projected DSG deficit at that time of £92.9m. Total reserves are projected to be £86.4m at the end of 2025/26, noting that these numbers are not supported by audited financial statements since 2018/19.

## Criteria impacted by the significant weakness



Financial sustainability

## Auditor judgement

Based on the work undertaken, we are not satisfied that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2023/24. We have therefore identified a significant weakness in arrangements.

## Management comments

The Council recognises the significant risk of the High Needs DSG deficit and is committed to taking all opportunities to set funding aside to meet its obligations under the Safety Valve agreement to meet any residual cumulative deficit not covered by the funding from the Department for Education (DfE). The Council recognise that although this is an increasing national issue [and many councils are facing increasing deficits] and we are confident that the current statutory override will be extended past the current date of 31 March 2026 we are still committed to setting monies aside to mitigate and manage the deficit. The Council during 2023/24 received £26.8m from the DfE as a contribution towards the cumulative deficit and as a result at the end of 2023/24 the cumulative DSG deficit balance was just less than £29m.

The range of recommendations that external auditors can make is explained in Appendix B.

# Use of auditor's powers

We bring the following matters to your attention:

	2023/24
<p><b>Statutory recommendations</b></p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.</p>	<p>We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p>
<p><b>Public Interest Report</b></p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.</p>	<p>We did not issue a public interest report.</p>
<p><b>Application to the Court</b></p> <p>Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.</p>	<p>We did not make an application to the Court.</p>
<p><b>Advisory notice</b></p> <p>Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:</p> <ul style="list-style-type: none"> <li>• is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,</li> <li>• is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or</li> <li>• is about to enter an item of account, the entry of which is unlawful.</li> </ul>	<p>We did not issue any advisory notices.</p>
<p><b>Judicial review</b></p> <p>Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.</p>	<p>We did not make an application for judicial review.</p>

# Securing economy, efficiency and effectiveness in the Council's use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 11 to 42.



# The current Local Government landscape



## National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' General Fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents.

For Housing Revenue Accounts, inflation in recent years led to cost increases often outstripping rent rises. In the coming years, new legal duties on landlords are expected to increase costs further, without there necessarily being any additional funding to cover the new costs. At the same time, high construction prices are making it harder for councils to invest in the new accommodation which might have helped make savings in the revenue account, for example on temporary accommodation and homelessness. Housing Revenue Accounts are under further pressure due to regulatory challenges in housing quality in the light of national issues in respect of cladding and damp/mould issues.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

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- nine councils issuing eleven section 114 notices, effectively signalling bankruptcy, between 2019 and 2023, compared with two councils issuing notices between 2001 and 2018;
- an increasing number of other councils publicly warning of a section 114 risk;
- nineteen councils being set to receive exceptional financial support for 2024/25, needing around £1.5 billion. Only six of the nineteen councils had previously issued a section 114 notice. There was no prior public anticipation of exceptional need for the other thirteen councils; and
- the Local Government Association warning that councils in England face a funding gap of £4 billion over the course of 2023/24 and 2024/25.

Local government is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funds. New plans were announced by the Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. It seems likely that councils will be asked to develop and share productivity plans, showing how they will improve service performance and reduce wasteful spend. The approach to producing the plans is not yet agreed but the need for a new focus on performance in general is clear. The Institute for Government estimates that performance was worse on the eve of the pandemic than it had been ten years before for adult social care and children's social care and neighbourhood services. It estimates that performance has at best stayed the same but more often deteriorated even further since the pandemic.

Financial and workforce issues together place pressure on governance for the local government sector. Recent years have seen a rise in the instance of auditors issuing statutory recommendations around the need for improved governance, whilst at the same time an audit backlog has been growing since 2019. The government is now taking steps to end the backlog, consulting, for example, on backstop measures. Whilst prompter audit won't solve the financial crisis faced by the sector or enhance performance, it may help with delivering earlier warnings, allowing for swifter action and perhaps stronger mitigation. Although recruitment and retention is problematic in the current environment, there are new staff in post at many councils now, often valiantly working to resolve issues that had their origin in decisions taken years ago. With a renewed focus on training, technology and good governance, the outlook for the sector may still be positive despite the many challenges it faces.

# The current LG landscape (continued)



## Local context

Wiltshire Council is a unitary council set in the southwest of England. The area is landlocked and borders the following councils of Dorset, Somerset, Hampshire and Gloucestershire with the unitary local authorities of Swindon and West Berkshire to the east. The main Council offices are based in Trowbridge. Wiltshire is a rural Council with a high proportion of high downland and wide valleys, including Salisbury Plain. It includes Stonehenge and Avebury stone circles (which together are a UNESCO Cultural and World Heritage site) and other ancient landmarks within its locality. The latest Census 2021 shows Wiltshire to have a total population of 510,300, an increase of 8.4% from 470,981 in 2011.

The Council was formed in 2009 as part of local government reorganisation from the four previous Wiltshire districts (Kennet, North Wiltshire, Salisbury, and West Wiltshire). Their functions were taken over by Wiltshire County Council as from 1 April 2009, at which point the Council renamed itself Wiltshire Council.

During 2023/24, the Council comprised of 98 Councillors, each representing a separate ward. Elections are undertaken every four years. Following the May 2021 elections the Council is made up of 61 Conservative Councillors, 27 Liberal Democrat Councillors, 7 Independent Councillors and 3 Labour Councillors. Wiltshire Council operates under executive arrangements, also known as the 'Leader and Cabinet' model. The Full Council elects the Leader and the Leader appoints their Cabinet from amongst the Councillors.

The Council works on a model of Area Boards which seek to bring local decision making to the communities of Wiltshire. There are 18 Area Boards across Wiltshire, with each one holding delegated powers and devolved budgets to facilitate community action at a local level. Residents and local organisations are encouraged to engage with their local Area Board by contacting their local Councillor or Strategic Engagement and Partnership Manager, or by attending one of the local business meetings, community events, working groups or activities.

The Wiltshire economy benefits from the "M4 corridor effect", which attracts business, and the attractiveness of its countryside, towns and villages. Wiltshire's employment structure is distinctive in having a significantly higher number of people in various forms of manufacturing than the national average. In addition, there is higher than average employment in public administration and defence, due to the military establishments around the county, particularly around Amesbury and Corsham. There are sizeable Army barracks at Tidworth, Bulford and Warminster, and further north RAF Lyneham is home to the RAF's Hercules C130 fleet. Wiltshire is also distinctive in having a high proportion of its working age population who are economically active and its low unemployment rates.

The Council's Business Plan 2022 to 2032 outlines the Council's mission to ensure:

- the people of Wiltshire are empowered to live full, healthy and enriched lives;
- our communities continue to be beautiful and exciting places to live;
- our local economy thrives and is supported by a skilled workforce; and
- we lead the way in how councils and counties mitigate the climate challenges ahead.

# Financial sustainability



## We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

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## Financial performance 2023/24

The following forecast financial performances were based on quarter three financial information provided by the Council. The most recent draft financial statements available were 2020/21. It should be noted that audit of the 2019/20 financial statements remains outstanding and the auditors have noted their intention to issue a disclaimer opinion due to the pervasive weaknesses in the controls and the significant volume of errors that they identified.

### Revenue position

In February 2024, based on quarter three data, the Council reported to Cabinet a forecast year-end underspend of £0.634m against a net revenue budget of £465.874m. This was an improved financial position from quarter one (£0.311m overspend) and quarter two (£0.402m overspend).

### Capital position

Full Council approved a net capital programme budget for 2023/24 of £199.127m. Following year-end adjustments for 2022/23 (for approved slippage), the 2023/24 capital programme was increased to £228.255m. The Council's capital processes enable projects to be added and removed during the year. As a result at quarter three the revised capital budget stood at £194.962m and forecast spend of £168.943m. External borrowing was £47.86m.

This is an ambitious capital programme and the largest to date for the Council. If the forecast level of spend is to be achieved the Council would have had to spend £76.165m in the last three months of the year. The Council needs to better understand the processes to both approve and profile individual capital projects, taking into account the expected spend in the last quarter of the year. The Council should also consider if it has the capacity and sufficiently skilled resources to progress a capital programme of this magnitude. **An improvement recommendation has been raised in respect of this. See improvement recommendation 1.**

### Housing Revenue Account (HRA)

The quarter three position for the HRA is a forecast overspend of £0.578m, against a budget of £26.401m. This budget included a planned contribution to reserves of £2.100m, which taking into account the forecast overspend would reduce to £1.522m.

The HRA reserves balance is forecast to be £3.740m at the end of 2023/24.

### Dedicated Schools Grant (DSG)

The DSG deficit is expected to reach £56.247m by the year end, an increase of £18.583m during 2023/24 and is clearly identified as a significant risk within the Council's 2024/25 budget papers.

	2023/24
Planned revenue expenditure	£465.874m
Actual revenue expenditure	£465.240m
Forecast outturn/underspend	£0.634m
Planned capital spend	£194.962m
Forecast capital spend	£168.943m
Forecast capital yearend position/underspend	£26.019m
Planned savings target	£26.099m
Forecast savings delivered (includes those fully achieved and those assessed as green)	£22.352m

# Financial sustainability (continued)



## Dedicated Schools Grant Deficits

On 12<sup>th</sup> December 2022, the UK Government announced that it would be extending statutory override for the Dedicated Schools Grant (DSG) in England for the next 3 years, from 2023/24 to 2025/26. By the time this period elapses, the statutory override will have been in place for six years.

Whilst the statutory override remains in place, there is no requirement to make provision from general reserves for repaying the deficit. Reforms and savings targets have been agreed with those local authorities with the biggest deficits. However, all local authorities need to focus on managing (and reducing) their deficits.

Within the DSG, the High Needs Block has proved particularly problematic. The Block is there to support children with special educational needs (SEN), which means providing more teaching staff and resources. However, there is often a significant gap between funding granted per child and the actual cost of the teaching and other resources needed.

Every parent has the right to apply for support for their child. An expensive appeal process also exists. There are significant regional differences in numbers of plans granted by local authorities and cost management on those plans once they are granted. Managing (and reducing) the growing DSG deficits that arise as a result are a challenge both for financial sustainability and for maintaining the overall quality and effectiveness of service provision.

## Dedicated Schools Grant (DSG)

The DSG is a budget allocated in four blocks, including schools, early years, high needs, and central school services. However, since 2019/20, the Council has been spending more than the funding provided and has been in a deficit position, attributable to the High Needs Block (HNB). This is an issue replicated at a number of other councils across England.

The increasing DSG deficit as a result of escalating costs within the high need block was considered a risk of significant weakness as part of our audit planning. Having completed our detailed work in this area we consider this to be a significant weakness in arrangements for 2023/24. The Council has taken action to agree a Safety Value management plan with the Department for Education (DfE) and is setting aside reserves to meet the expected deficit in 2028/29. The amount to be met by Council funds is significant and the Council does not have the available funds at 31 March 2024 to meet this requirement should it have been required. The level of reserves is also unlikely to be sufficient to meet the forecast deficit should the statutory override be removed in 2025/26. If this were the case, the Council would need to consider issuing a Section 114 Notice.

In addition, the level of reserves reported is not based upon audited financial statements, as the audit opinion for the 2019/20 financial statements remains outstanding and we note the auditor's intention to issue a disclaimer opinion due to the pervasive weaknesses in the controls and the significant volume of errors that they have identified in their 2019/20 audit. The Council has yet to produce draft financial statements for 2021/22 and 2022/23, and expects to deliver the draft 2023/24 financial statements after the national deadline of 31 May 2024. We have raised the following key recommendation:

The Council should:

- drive forward its Safety Valve management plan to ensure actions are delivered as planned and at pace;
- effectively monitor progress against its plan to ensure that progress is understood and corrective action can be taken if required; and
- keep under review its governance arrangements to ensure they remain effective and are developed and improved as required.

The DfE has established two programmes to support councils who have large deficits within their DSG high needs block; the Safety Valve (SV) and the Delivering Better Value (DBV) programmes. Both programmes work with local authorities to develop recovery plans to achieve financial sustainability.

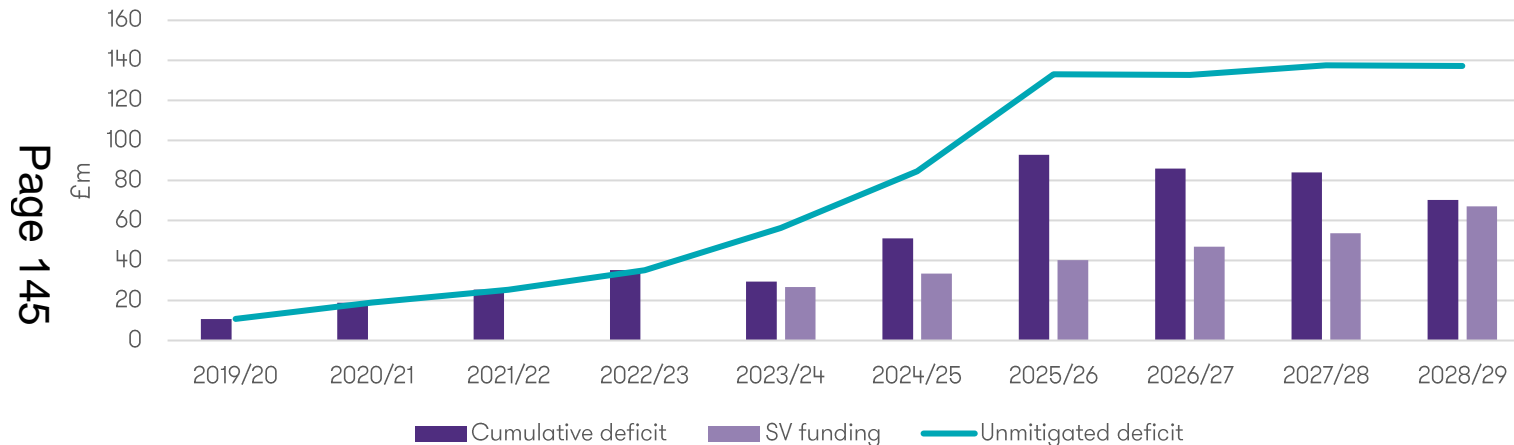
The Council began working with the DfE in early 2023 as part of the DBV programme and was in the process of analysing its data when it was then invited in July 2023 to take part in the SV programme. Following a range of consultation with schools, parent/carer groups and stakeholder surveys, the Council's High Needs Sustainability Programme, including the management plan, was submitted to the DfE in December 2023. This plan and subsequent funding of £67m from 2023/24 to 2028/29 was agreed on 12 March 2024. As part of this agreement the Council received £26.8m in March 2024.

The Council recognised the DSG deficit and the possible removal of the statutory override as a significant financial risk and this was clearly documented and set out within the Council's MTFs and the Section 151's officers Section 25 report as part of the 2024/25 budget setting papers.

# Financial sustainability (continued)

Figure 1 below illustrates that the Council will receive the SV funding in six tranches and, should the agreed actions prevent costs escalating, the cumulative deficit will first increase before it should reduce to £70m by 2028/29. The Council's intention is that this deficit will then be met by the Council from its high needs reserve. The Council projects to have £11.4m in this reserve at the end of 2023/24 and £18.4m by the end of 2024/25. Should the Council be required to meet the deficit in 2025/26 when the statutory override is currently scheduled to end, this reserve would not be sufficient to meet the projected DSG deficit of £92.9m. The total reserves would not be sufficient as they are projected to be £86.4m at the end of 2025/26 (illustrated in figure 2 on the next page).

Figure 1 DSG unmitigated cumulative deficit



The Council recognises that its plan is ambitious and will be a significant challenge requiring effective governance to ensure activity as well as the financial position is monitored. The plan consists of five workstreams and 2023/24 is the base year, with financial benefits not expected until year three, so the monitoring of activity and Education, Health and Care Plans (EHCPs) is essential. It is the Council's intention to be flexible and to respond and adjust as the plan develops.

The Council intends to monitor progress against its High Needs Sustainability Programme through a number of governance boards, as follows:

- High Needs Sustainability Board (HNSB), this is a chief officer group and members also attend. Its key purpose is to monitor progress of the SV plan and to ensure that a balanced position is achieved by 2028/29;
- SEND Transformation Delivery Group, whose purpose is to review and co-ordinate change and will report to the HNSB;
- Project groups, set up to deliver individual projects; and
- regular reports will also be presented to the Children's Scrutiny Committee.

The governance arrangements are complex and are likely to require review and changes as the High Needs Sustainability Programme develops and begins to deliver.

# Financial sustainability (continued)

## Reserves

The purpose of the unearmarked general fund reserve is to meet costs arising from any unplanned or emergency events such as unforeseen financial liabilities or natural disasters. These reserves also act as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years. Earmarked reserves are set aside for specific purposes.

The Council, as identified on page 15, has set aside reserves to mitigate risks, including the risk of savings not being delivered. The level of the general fund balance has been set at £34m in line with its quantifiable level of risk.

The table opposite illustrates the level and movement of general fund reserves (both earmarked and unearmarked) from 2021/22 and projected from 2024/25 onwards, as set out within the Council's MTFS. The reduction in earmarked reserves is attributable to reserves having been utilised in the following areas; homes for Ukraine, transformation, Public Health and accommodation need.

Based upon the current level of reserves and the Council's approach to set the general fund reserve based on a risk assessment, we consider that the Council has proper arrangements in place in respect of its level and management of reserves. However, it does not have sufficient reserves should the statutory override for the DSG be removed in 2025/26. This significant weakness in arrangements was raised on page 12 and the key recommendation is on page 6.

In addition, as we previously note, the values are based upon unaudited financial information since 2018/19 which represents a risk to the accuracy of the values.

Figure 2 level of reserves, excluding the schools balances and DSG deficit





# Financial sustainability (continued)

## Budget planning and Medium-Term Financial Strategy (MTFS)

The Council presented and agreed its three-year MTFS along with its annual budget in February 2024.

For 2023/24 the Council agreed a balance budget not just for the year but also for the three years of the MTFS, this approach has continued and been agreed for the 2024/25 budget and the first two years of the MTFS for 2025/26 to 2026/27. The plan was developed using the best available estimates following the recent Spending Review announcements and provisional settlement data received in December 2023.

This longer-term approach to financial planning and the identification of solutions to funding gaps over a three-year period as opposed to just one-year has resulted in a more resilient approach. Savings have been identified over a three-year period and the 2024/25 budget is not reliant on contributions from reserves to meet financial pressures. This approach should also enable a contribution to be made to a DSG (high needs) reserve. This longer-term approach takes account of changes in assumptions and saving shortfalls each year and improves the Council's financial resilience.

The Council has made assumptions about the expected level of income and costs and the Council has taken steps to manage the risk should these assumptions differ from plan. Within the 2024/25 budget the Council has considered the risks within the budget and allocated a monetary amount designed to mitigate these risks and uncertainties. This financial assessment included a weighted likely impact and identified nineteen risks with a total value of £33.990m. This is an increase from 2023/24 when the risks were quantified at £31.900m. The risks included are wide ranging and include those risks we would expect such as non-delivery of savings and volatility of the collection fund.

The budget does not include scenario and sensitivity analysis, but instead the Council has taken account of volatility by considering risk, as identified above. The Council might benefit from introducing scenario and sensitivity analysis and an **improvement recommendation has been raised in respect of this. See improvement recommendation 2**

The 2024/25 budget clearly states that it will resource the delivery of the Council's Business Plan and its priorities. The budget includes a section on its relevance to the Council's Business Plan and includes examples of investments to date. A core focus for the Council is to protect and invest in preventative and early help services. A Business Plan reserve has been established to fund some of these one-off initiatives.

The 2024/25 MTFS also takes account of changes in workforce and budget assumptions around its workforce. The Council agreed its corporate workforce strategy in 2022. This strategy is supported by a corporate action plan, but due to capacity constraints within 2023/24 the Council has not been able to monitor progress at a corporate level. Services areas are required to develop their own workforce action plans. The Council recognise that the corporate plan requires further work and plans to address this in 2024/25 having recently recruited a Head of Strategic HR. **An improvement recommendation has been raised to this effect. See improvement recommendation 3.**

**We consider that the Council had proper arrangements in place in 2023/24 to set its 2024/25 budget and agree its MTFS. Arrangements could be strengthened by the inclusion of sensitivity and scenario analysis and refreshing and reporting progress against the actions set out within its workforce strategy.**



# Financial sustainability (continued)

## Delivery of planned savings

Savings for 2023/24 to 2025/26 were agreed as part of the budget setting process which enabled the Council to agree a balanced budget for longer than one year. As part of the 2023/24 budget setting process the Council agreed savings totalling £51.22m as follows:

- 2023/24 - £26.099m - the Council is forecasting delivery of £22.35mm (86%) by the year-end;
- 2024/25 - £14.424m; and
- 2025/26 - £10.697m.

The table below provides a summary of progress to date on the planned savings.

Looking at the level of savings required over a longer term as opposed to on an annual basis could improve the likelihood of delivery, as the Council can ensure that actions are undertaken in a timely manner. The Council recognises that it needs to assess if the level of savings agreed previously remains appropriate, and as part of the 2024/25 budget setting process the savings required in 2024/25 were increased to £19.67m. This included increases due to savings not being delivered in 2023/24, cost containment and additional savings to ensure evolving financial pressures would be met in 2024/25.

Figure 3 progress on planned savings from 2023/24 to 2025/26 as agreed in the 2023/24 budget setting process.

Year	Fully achieved £m		On track £m		Some issues		Significant issues	
2023/24	7.8	29.9%	14.55	55.8%	1.34	5.1%	2.41	9.2%
2024/25	0.68	4.7%	11.43	79.3%	0.91	6.3%	1.4	9.7%
2025/26	0.11	1.1%	9.2	86%	1.1	10.2%	0.29	2.7%
	<b>8.59</b>	<b>16.8%</b>	<b>35.18</b>	<b>68.7%</b>	<b>3.35</b>	<b>6.5%</b>	<b>4.1</b>	<b>8%</b>

The quarterly revenue budget monitoring reports were presented to Cabinet in year and these reports included progress on the savings plans by Directorate. The narrative within these reports is detailed and should enable the reader to understand which individual savings schemes are not progressing as planned. The approach taken by the Council has been that any savings which are not delivered should be met by other savings or cost reduction measures in year. This is documented within the budget monitoring reports.

The 2023/24 planned savings include an element of non-recurrent savings and included holding vacancies temporarily to deliver a vacancy factor of 6.5%. In addition, the Council agreed in 2022/23 a freeze on incremental pay progression and this was continued in 2023/24.

In our view staff vacancies are non-recurrent savings as staff posts are held vacant with the intention to fill the post at a later stage, or just held vacant for a short period of time. However, if the Council continues to apply this method it does suggest that this is a recurrent approach, although the Council needs to ensure that this is sustainable. If staff posts were permanently removed from the establishment, such as through a staff restructure, then the saving would be a recurrent saving. There is also a risk that the freeze on incremental progression may not be compatible with staff recruitment and retention.

The Council did not clearly identify the amount of non-recurrent savings planned and delivered through its reporting. Non-delivery of recurrent savings and reliance on non-recurrent savings increases the amount of savings required the following year. **An improvement recommendation has been raised. See improvement recommendation 4.**

**The Council had proper arrangements in place to identify and deliver savings in 2023/24, including identifying savings for more than one year. These arrangements could be strengthened by monitoring and reporting on the amount of non-recurrent savings planned and delivered each year.**



# Financial sustainability (continued)

## Transformation

The Council established its Business Transformation Directorate (BTD) in 2023, with its aim being to deliver the Council's Business Plan objectives through transformation. This Directorate brought together systems and functions which were already in place, such as the Programme Management Office (PMO) as well as establishing a corporate resource and approach.

The BTD provide support to the other Directorates to enable them to deliver transformation. Money to fund this Directorate and funds required by the individual transformation projects have been set aside within the transformation reserve. Bids are required for new schemes and are approved by the Transformation Board.

The Council is currently exploring transformation across a number of areas such as:

- Adult Social Care: the largest transformation programme and covers ten workstreams;
- Families and Children: multi-partnership approach for improving the outcomes of children;
- Community Conversations: aims to openly engage with communities in the five most deprived areas, to empower and build community resilience;
- Residential Children's Homes: increasing sufficiency;
- Staying Close: Department for Education pilot to improve the transition for young people in residential care to adulthood;
- Waste Depot: to develop strategic depots in order to improve efficiency but also to meet standards and meet carbon-neutral objectives; and
- Waste: to bring together waste services and consider the options for delivery.

The transformation being undertaken is varied and includes improving outcomes as well as savings delivery.

**Additional information was requested from the Director of Transformation. This information remains outstanding and may have an impact on the improvement recommendation we have currently made.**

Governance arrangements have been set up and include a Transformation Board (decision making Board) and the Transformation Planning Group. Currently the documentation to monitor progress of each project and programme is not standardised. The Council is currently developing standardised documentation. These arrangements are developing and monitoring arrangements through a programme wide dashboard is not yet fully operational. **An improvement recommendation has been raised in respect of this area. See improvement recommendation 5.**

Going forward the Council should ensure it takes advantage of the various transformation programmes in operation and continue to standardise and monitor the benefits and savings delivered through transformation and embed the savings within the MTFS.



# Financial governance

## Budget setting and monitoring

The 2024/25 annual budget setting process began with a challenge session with Directors and Cabinet which considered individual service areas and included:

- the base budget and any increases required to cover demand and inflation; and
- savings required (for 2024/25 this was limited to the additional savings required as the majority had been agreed to provide a three-year position).

Following these changes the budget was amalgamated to provide the overall financial position.

The 2024/25 budget was circulated and discussed in the following meetings, prior to agreement by Full Council in February 2024:

- all member budget briefing, 17 January 2024
- Financial Planning Task Group, 19 January 2024
- meetings with the three select committees, January 2024
- Overview and Scrutiny Management Committee public meeting, 25 January 2024.

This allowed for adequate engagement from members during the budget setting process and evidence available confirms that appropriate levels of engagement were shown.

**We understand that consultation was undertaken with the business community, however evidence of this remains outstanding.**

Public consultation with residents was not undertaken. We have made an improvement recommendation that the Council should ensure that it consults with residents as part of the budget process. In our experience there are a number of councils which undertake both focused meetings and online surveys to better understand the views of local residents and allow these to be considered as part of the production of the budget and MTFS. **An improvement recommendation has been raised in respect of this. See improvement recommendation 6.**

Budget monitoring was carried out by the finance team and budget reports were provided to budget holders on a quarterly basis during 2023/24. The most recent information is based on quarter 3 and at the time of writing the outturn position has yet to be published. This quarterly information was provided to Cabinet and at these meetings quarterly capital monitoring reports were also provided. The reports provide an appropriate level of detail and information to allow understanding and to enable appropriate challenge.

During the year Cabinet also received information on treasury management, including the mid-year report and the Treasury Management Strategy Statement for 2024/25 for approval.

**Overall, we identified no significant weaknesses in the Council's approach to budget setting and monitoring.**

# Improvement recommendations

## Improvement Recommendation 1

The Council should review its processes to both approve and profile individual capital projects, taking into account the expected spend in the last quarter of the year. The Council should also consider whether it has the capacity and sufficient skilled resources to progress a capital programme of the magnitude currently set out.

## Improvement opportunity identified


More accurate capital budgets should enable officers to more effectively manage capital spend and resources.

## Summary findings

Full Council approved a net capital programme budget for 2023/24 of £199.127m. Following year-end adjustments for 2022/23, the 2023/24 capital programme was increased to £228.255m. At quarter three of 2023/24 the capital budget stood at £194.962m with a forecast spend of £168.943m.

This is an ambitious capital programme and the Council's largest to date. If the forecast level of spending is to be met, the Council will have needed to spend £76.165m in the last three months of the year, which is significant.

## Criteria impacted

 Financial sustainability

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

Management have implemented additional governance arrangements for the oversight of the Capital Programme and improvements are being seen in profiling and forecasting on the programme. This improvement will continue over the next financial year. The final year end spend in 2023/24 was higher than previous years due to some specific schemes and additional spend.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations

## Improvement Recommendation 2

The Council should consider strengthening its financial planning by introducing scenario and sensitivity analysis within the budget and MTFS.

## Improvement opportunity identified

The use of scenarios and sensitivity analysis can provide decision makers with additional information to understand the possible impact of financial risks and make better informed decisions.

## Summary findings

The 2024/25 budget does not include scenario and sensitivity analysis, but instead the Council has taken account of volatility by considering the likelihood of the risk and allocated a monetary amount required to meet these risks and uncertainty.

## Criteria impacted



Financial sustainability

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

When considering growth and inflation assumptions and demand (both cost and income) services will model differing scenarios so they understand the impact of likely and possible scenarios. As part of the Oracle ERP implementation a modelling tool has been designed and implemented to allow the Council to undertake scenario modelling and sensitivity analysis at all levels across the Council to provide more rigor to the final assumptions and financial plans.

# Improvement recommendations

## Improvement Recommendation 3

The Council should deliver its commitment to report progress and review actions (as appropriate) to deliver the workforce strategy.

## Improvement opportunity identified

Monitoring of progress will ensure that progress is understood, and that action can be taken as necessary to ensure delivery against the workforce strategy.

## Summary findings

The Council agreed its corporate workforce strategy in 2022. This strategy is supported by a corporate action plan, but due to capacity constraints within 2023/24 the Council has not been able to monitor progress at a corporate level. Service areas are required to develop their own workforce action plans to address their specific workforce needs beyond that of the corporate action plan. The Council recognise that the corporate plan requires further work and plans to address this in 2024/25 having recently recruited a Head of Strategic HR.

## Criteria impacted



Financial sustainability

## Auditor judgement

During the course of our work management made us aware of this issue, with work in progress to address the action albeit not yet complete. For this reason we do not consider it to be significant, but have raised a recommendation to support management in making the planned improvements.

## Management comments

The Council has confirmed that the action plan to deliver the workforce strategy has now been finalised and work is underway to align KPI's to the actions to allow for monitoring of progress and impact, and identification of other actions that may be required to ensure delivery of the workforce strategy.

# Improvement recommendations

## Improvement Recommendation 4

The Council should monitor and report on the amount of non-recurrent savings planned and delivered each year. This information could be included in the budget monitoring reports.

## Improvement opportunity identified

Providing information on the non-recurrent savings should enable the Council to understand its reliance on non-recurrent savings.

## Summary findings

The 2023/24 planned savings included an element of non-recurrent savings, such as holding vacancies temporarily to deliver a vacancy factor of 6.5% and a freeze on incremental pay progression. The Council does not report the amount of non-recurrent savings on which it is reliant, nor the total that were subsequently delivered.

## Criteria impacted



Financial sustainability

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

The Council's financial plans include non-recurrent savings and these are reversed in future years so as to not cause an unknown financial pressure. The vacancy factor is a recurring saving and managers are expected to deliver savings to meet this requirement. The freeze on incremental progression was agreed for a 2 year period and has been unwound in the budget for 2024/25 and this assumption was included in the original financial planning assumptions, again so as not to cause any unknown financial pressure. Management do not agree that additional reporting on non-recurrent savings will add any additional control or improvement.

# Improvement recommendations

## Improvement Recommendation 5

The Council should continue to standardise and monitor the benefits and savings delivered through transformation and embed the savings within the MTFS.

## Improvement opportunity identified

These changes should ensure that the Council is clear on what it is trying to achieve and delivering through its transformation programme.

## Summary findings

The Council has established a Business Transformation Directorate (BTD) to deliver the Council's Business Plan objectives through transformation. This Directorate brought together systems and functions which were already in place, such as the Programme Management Office (PMO), as well as establishing a corporate resource and approach.

Resources have been set aside to deliver transformation and governance arrangements introduced to monitor progress. A standardised approach is not yet in place across all the projects.

## Criteria impacted



Financial sustainability

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

**No management response has been provided**

# Improvement recommendations

## Improvement Recommendation 6

The Council should ensure that it consults with residents as part of the budget setting process.

## Improvement opportunity identified

Public consultation would enable the Council to consider the views of residents in setting the budget.

## Summary findings

The Council did not consult residents when it set the 2023/24 and 2024/25 budget.

## Criteria impacted



Financial sustainability

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

The Leader of the Council holds 'Meet the Leader' roadshow events across Wiltshire as part of public engagement. Senior councillors and officer conduct budget consultation with the business across Wiltshire and Unions as part of the budget setting governance processes and will consider additional consultation opportunities.



# Governance



## We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

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## Risk management

The Council has been working in 2023/24 to improve its approach to risk management. It has a Risk Policy that was updated and taken to Audit and Governance Committee in February 2024. Risk guidance was issued in 2020 and this is also being updated to tie in with the new policy. The Policy defines risk, roles and responsibilities, describes how risks are identified, provides a risk scoring matrix (the council now use a 5x5 matrix having previously used a 4x4 matrix) and defines the Council's risk appetite, as we would expect such a policy to do. The risk management team are planning to provide one-to-one training to risk owners on the new approach to risk management and are also preparing "how to" guides, with the longer-term ambition to roll out risk management training to all staff. We are pleased to note the policy refers to the three lines of defence model promoted by the institute of internal auditors.

The policy also refers to the strategic risk working group. This group will be chaired by the Director of Legal and Governance, and also attended by the Head of the Executive Office and the Executive Support Manager responsible for risk. A director and risk lead from each directorate will also attend. The first meeting is planned for April 2024 and meetings will be quarterly thereafter, with responsibility to oversee the risk management process and the Council's risk registers.

All strategic risks are reported to Corporate Leadership Team (CLT), Cabinet, and the Overview and Scrutiny Management Committee on a quarterly basis as part of the Performance and Risk Report. During 2023/24 and at the date of writing, risk was reported to Cabinet in September 2023 (Quarter 1), November 2023 (Quarter 2) and February 2024 (Quarter 3). This is reported alongside financial performance, both revenue and capital, and key performance indicators. This gives members a rounded view of council performance and the risks that the Council faces.

The risk register reported in February 2024 includes twelve risks. We would consider this an appropriate number, allowing for sufficient focus and scrutiny. The risks included special needs education provision and funding, social care, housing, cyber, climate change, financial and health and safety risks, and the risks included appeared to be appropriate based upon our knowledge of the Council and the wider sector. Risks are "RAG" rated and only one risk, related to special educational needs provision and funding, is currently rated red. The risk register reports the risk, the causes of risk, the risk owner, mitigating actions, the original and current risk scores, direction of travel as well as other matters. The register does not, however, indicate some things we would expect such as the target risk score or planned additional action required to mitigate risk. Risks are mapped to risk categories in two stages, but not to the Council's Corporate Objectives.

Risk Management arrangements were reviewed by internal audit in 2023 and were given limited assurance. The report raised three priority 1 recommendations, relating to an out of date policy (now being updated as above), incomplete risk registers and poor access controls over risk registers. This review and the recommendations will be followed up by internal audit in 2024. Some recommendations have not reached their implementation date at the time of our review, but we feel implementation of internal audit recommendations is key to improving process at the Council. **An improvement recommendation has been raised. See improvement recommendation 7.**

**We have found no significant weaknesses in the Council's arrangement for managing risk**

# Governance (continued)

## Internal Audit and Counter fraud arrangements

Internal audit services are provided by the South West Audit Partnership (SWAP), an established provider of internal audit services used by several of our other audit bodies. For 2023/24 SWAP has not provided an internal audit plan but work is allocated on a rolling risk-based plan. A paper explaining this approach was presented to Audit and Governance Committee in April 2023. Progress on internal audit work was reported to Audit and Governance Committee in July 2023, November 2023 and February 2024. Each progress report includes an update on implementation of outstanding Internal Audit recommendations. At February 2024 there were 16 actions overdue, but the report does not detail what priority these are, what the issues are and why they remain outstanding. We also note that updates on progress in areas provided with limited assurance reports are provided to Audit and Governance Committee. **An improvement recommendation has been raised – see improvement recommendation 8.**

The 2023/24 Head of Audit Opinion provided reasonable assurance. In the 2023/24 year, SWAP completed 24 audit reviews on which an audit opinion was provided. 7 were provided with substantial assurance, 14 were provided with reasonable assurance and 3 had limited assurance. The limited assurance reports related to s106 agreements, risk management and procurement cards, and none were reported as significant risks. Work undertaken was spread over all Council services ensuring appropriate coverage. Internal audit also provided advisory reviews, continuous assurance, follow up work and grant certification work.

Counter fraud services are also provided by SWAP. The team undertake both reactive and proactive work, and work included areas such as procurement cards and direct payments. Fraud awareness training has been provided to finance staff. SWAP is developing Computer Based Training (CBT) on fraud to roll out to all its clients which will allow all Council employees to undertake fraud training. A fraud update was presented to Audit and Governance Committee in November 2023 and there were no significant issues noted.

Counter fraud operations are underpinned by Member and Staff codes of conduct (last updated in October 2023 and November 2023 respectively). The Council also has an Anti-Fraud, Bribery and Corruption Policy (last updated in 2022), a whistleblowing policy (last updated in 2022) and a money laundering policy (updated in 2022) to ensure all officers and Members understand their roles.

**We have found no significant weaknesses in the Council's arrangements for internal audit and counter fraud.**



	2023/24	2022/23
Annual Governance Statement (control deficiencies)	Not yet available	Substantial level of assurance that good governance is in place
Head of Internal Audit opinion	Reasonable assurance	Reasonable Assurance
Ofsted inspection rating	Outstanding	Good

The Council's performance against key governance metrics is set out in the table above.

# Governance (continued)

## External Audit

We are aware of delays in the audit of the Council's accounts going back several years. Your previous external auditor is yet to issue Auditor's Annual Reports for 2020/21 to 2022/23 inclusive, and therefore this interim 2023/24 report is presented without any commentary on prior periods. We also note that your previous auditor raised statutory recommendations around the reasonableness of accounts and internal controls processes related to the 2019/20 year but only raised in February 2024. We have raised this as a risk of significant weakness in our initial planning and will consider when we undertake our audit of the 2023/24 financial statements.

In addition to this we will be mindful of any further findings from your previous external auditor once they report and may need to revisit our findings as a result.

## Informed decision making including the Audit and Governance Committee

There are adequate arrangements on decision making. The Council maintains a Cabinet Tracker which helps ensure appropriate oversight, consideration by relevant officers across the Council and sign off of all Cabinet reports. This has been flagged by the Local Government Association as notable practice. The tracker helps reduce ambiguity about who is reviewing each report and the timescales for doing so. Planning is always two to three months ahead to provide appropriate time.

Initial discussions are held with the Leader one month in advance then there will be a meeting with the Cabinet member. This ensures there are no surprises and no last-minute decisions. There is an informal call every Monday morning with Cabinet to discuss the week's business. This helps ensure decisions are taken at the right level. All reports to Cabinet are cleared by CLT first. The Constitution shows that the Cabinet is the primary decision-making Committee. We note the Monitoring Officer is on CLT and has visibility on all key decisions.

Review of a sample of committee papers indicate that they are comprehensive and provide members with sufficient information to make informed decisions. All papers include considerations on safeguarding, procurement, public health, equalities and environment and climate change, risk, financial, legal and workforce implications of the matter in hand.

The Audit and Governance Committee consists of 11 members. In 2023/24, the Committee had five meetings. We reviewed attendance and found this to be appropriate, with all meetings quorate.

Audit and Governance Committee Terms of Reference (TOR) are set out in the Council's Constitution. The TOR, the membership, the frequency of meetings and the nature of items appearing on agenda are all in line with expectations for a local authority. Review of minutes and discussions with officers indicate the Audit and Risk Committee provide appropriate challenge of officers.

We have seen no evidence of a self-assessment or committee effectiveness review. **An improvement recommendation has been raised – see Improvement recommendation 9.**

## Standards and behaviours

The Annual Governance Statement (AGS) 2022/23 describes how the Council ensures it is "Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law". This control framework includes the constitution, codes of conduct and the complaints procedure.

Early indications are that there is an adequate tone from the top, and we will continue to consider this as our work on the financial statements audit continues.

We have seen no evidence of significant non-compliance with the Council's constitution. There have not been any breaches of legislation or regulatory standards during the year that have led to an investigation by any legal or regulatory body. There is no evidence of significant or repeated departure from key regulatory and statutory requirements or professional standards.

Members' declarations of interest are published on the Council's website and additional declarations are requested at the start of Committee meetings. Officers have to register interests with Human Resources, although such declarations are ad-hoc and officers are not required to submit an annual return, which we have seen at some of our other local authorities. **An improvement recommendation has been raised – see Improvement Recommendation 10.**

**Overall, we identified no significant weaknesses in the Council's Governance arrangements during 2023/24 at this time, but will reconsider when we undertake our audit of the 2023/24 financial statements.**

# Improvement recommendations

## Improvement Recommendation 7

The Council should embed the improvements in risk management required as set out in the 2023 internal audit report.

As part of the review of risk registers, the Council may wish to consider the enhancements to the risk register, such as target risk score or planned additional action required to mitigate the risk and mapping the risks to the Council's Corporate Objectives.

## Improvement opportunity identified

Improvements in risk management will assist in the making of appropriate decisions.

## Summary findings

Risk Management arrangements were reviewed by internal audit in 2023 and were given limited assurance. The report raises three priority 1 recommendations which relate to an out-of-date policy (which is now being updated), incomplete risk registers and poor access controls over risk registers. These recommendations will be followed up by internal audit in 2024. Some recommendations have not reached their implementation date at the time of our review, but we feel implementation of internal audit recommendations is key to improving process at the Council.

The register does not, however, indicate some things we would expect such as the target risk score or planned additional action required to mitigate risk. Risks are mapped to risk categories in two stages, but not to the Council's Corporate Objectives.

## Criteria impacted



Governance

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

We are pleased with the progress we have made in improving our risk management processes. Implementation of the SWAP Internal Audit Action Plan is almost complete, and we would welcome a reassessment to confirm that what was a limited assurance opinion would now be beyond reasonable. We are already in discussions with SWAP to arrange this.

## Management comments

The updated Risk Management Policy was approved by Cabinet on 7 May (Item 66) and has been published on an updated risk management page on the Epic Hub, alongside 10 new 'How to' guides and template risk registers. We have had strong engagement from Directorates in implementing the new policy and transition of risks to the new 5x5 scoring matrix, including refocused attention on planned mitigations and monitoring of their effectiveness.

Risk registers already contain improved access and data controls, are mapped to the Business Plan missions, and capture target risk scores and dates. This information will be included on a reformatted Strategic Risk Summary for Cabinet. The Strategic Risk Working Group has started to meet and is overseeing completion of the Internal Audit Action Plan, as well as a review of strategic risks.

# Improvement recommendations

## Improvement Recommendation 8

The Audit and Governance Committee should ensure that arrangements for monitoring the implementation of internal audit recommendations are embedded and also ensure that the process leads to timely implementation of internal audit recommendations.

Consideration should be given to providing some narrative in internal audit progress reports to explain the priority of recommendations outstanding and why some recommendations are overdue for implementation.

## Improvement opportunity identified

Improved control processes through timely implementation of internal audit recommendations.

## Summary findings

Each internal audit progress report includes an update on implementation of outstanding internal audit recommendations. At February 2024, there are 16 actions overdue but the report does not detail what priority these are, what the issues are and why they remain outstanding. We also note that updates on limited assurance areas are provided to Audit and Governance Committee.

## Criteria impacted



Governance

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

Following the implementation of a new software system SWAP (Internal Auditors) have been working with council officers to agree reporting and escalation of overdue management actions and consideration will be given to further reporting opportunities to the Audit & Governance committee. SWAP meet regularly with senior officers to ensure overdue management actions are flagged and the impact of non-delivery understood. SWAP also meet the S151 Officer monthly independently which provides additional escalation opportunity should it be required.

# Improvement recommendations

## Improvement Recommendation 9

The Council should ensure the continued effectiveness of the Audit and Governance Committee by conducting a self-assessment exercise, in line with the Chartered Institute of Public Finance and Accounting's (CIPFA) methodology.

## Improvement opportunity identified

The performance of Audit and Governance Committee and Committee members' confidence in performing their role would be enhanced by self-assessment and will enable the Committee to evaluate its effectiveness and identify areas for improvement, including any unmet training needs.

## Summary findings

Based on a review of papers and minutes the Audit and Governance Committee generally appears to perform well. Attendance is good and the Committee focuses its attention on key issues. Its performance would be further strengthened by a self-assessment exercise to identify any areas of potential improvement.

## Criteria impacted



Governance

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

Training is provided when new members join the committee and specifically on the Statement of Accounts in advance of them being considered for approval. Additional training opportunities and topics are discussed regularly with the committee by not on a formal basis. Officers will consider, alongside SWAP, what additional self-assessment will support the identification of gaps in knowledge and experience that could adversely impact the performance of the committee.

# Improvement recommendations

## Improvement Recommendation 10

The Council should consider introducing annual declarations of interest, including nil returns where appropriate, for key officers.

## Improvement opportunity identified

Annual declarations of interest by key officers would enhance transparency.

## Summary findings

Officers have to register interests with Human Resources, though such declarations are ad-hoc and officers are not required to submit an annual return, which we have seen at some of other local authorities.

## Criteria impacted



Governance

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

**No management response has been provided**



# Improving economy, efficiency and effectiveness



## We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

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## Use of financial and performance information

The Council has comprehensive arrangements for reporting performance.

Performance is reported to CLT, Cabinet, and the Overview and Scrutiny Management Committee on a quarterly basis as part of the Performance and Risk Report. During 2023/24 to date, performance has been reported to Cabinet in September 2023 (Quarter 1), November 2023 (Quarter 2) and February 2024 (Quarter 3). This is reported alongside financial performance, both revenue and capital and risk. This gives members a rounded view of Council performance.

At Quarter 3 58 indicators were reported to members with 10 rated as red. These include education (including SEND), residents in residential care, potholes, affordable housing, temporary accommodation and fly-tipping indicators.

The Cabinet have significant input into which KPIs are reported. Performance is overseen by departmental performance and outcome boards (POB) and performance and outcomes groups (POG). An overarching Performance and Outcome Board is to be set up to review exception reporting from the departmental POBs. There are also performance groups at service level. KPIs are linked to the business plan and this allows us to conclude that the Council appears to be transparent about its performance and demonstrates that performance is understood.

While there is a focus in the Executive Office on data quality, achieved through close working with departments and detail checking of data by the team, including cross checking using other intelligence the team have, there is no framework on how accurate data should be produced. **An improvement recommendation has been raised. See Improvement Recommendation 11.**

Benchmarking is not used as a corporate tool and we were informed that POB/POGs may do local benchmarking but no evidence of this was seen during our review. **An improvement recommendation has been raised – see Improvement Recommendation 12.**

We have seen that where regulators review service areas, their reports and recommendations are used to improve the services and the Council are open to review. We note the latest OFSTED report on Children's Services from September 2023 grades the service as Outstanding. Care Quality Commission (CQC) reports also provide positive outcomes which support a strong performance outcome

**We have not found any significant weaknesses is the use of performance information.**





# Improving economy, efficiency and effectiveness (continued)

## Assessing performance and identifying improvement

The annual complaints report (presented to Standards Committee in September 2023) indicated that lessons are learned from complaints. The 2022/23 report indicates that complaints increased by 12% from 2021/22, ending the gradual decline that had been seen since 2018/19. The increase is largely due to complaints about the Council's SEND and Inclusion service with the service areas attracting the highest numbers of formal complaints being:

1. Children's Services (148) – an increase of 68% on the previous year and the highest annual total over the last five years.
2. Adult Social Care (74) – an increase of 16% on the previous year, ending the gradual decline seen since 2018.
3. Development and Building Control (60) – a decrease of 15% on the previous year.

The Local Government and Social Care Ombudsman's (LGSCO) Annual Review Letter 2022/23 provides a breakdown of the Ombudsman's investigations and findings during the year and was reported as part of the annual complaints report. The 2022/23 letter shows that:

- there was a 10% increase in the number of complaints about the Council received by the LGSCO, but a decrease in those requiring investigation;
- the percentage of complaints about the Council upheld by the LGSCO decreased by 2%, while the percentage of complaints upheld about other unitary councils increased by 8%;
- the Council paid £8,750 in financial remedies following recommendations from the LGSCO, £6,900 of which related to delays in the issuing of Education Health and Care Plans (EHCPs); and
- the Council complied with all LGSCO recommendations following upheld complaints.

The Wiltshire Plan was approved in 2022, and sets out the Council's priorities and how it will deliver them. The priorities are:

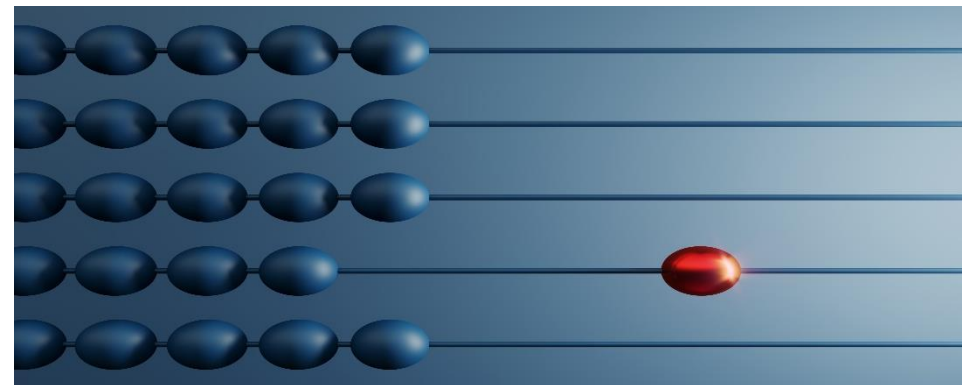
- the people of Wiltshire are empowered to live full, healthy and enriched lives;
- our communities continue to be beautiful and exciting places to live;
- our local economy thrives and is supported by a skilled workforce; and
- we lead the way in how councils and counties mitigate the climate challenges ahead.

This is to be achieved through the following themes:

- prevention and early intervention;
- improving Social Mobility and tackling inequalities;
- understanding Communities; and
- working together.

The plan refers to measuring performance, transforming and redesigning services and delivering value.

**We have found no significant weakness in the Council's arrangements for measuring and reporting performance.**



# Improving economy, efficiency and effectiveness (continued)

## Stone Circle Group (SCG)

The Council agreed in 2019 to establish the SCG which consists of an overarching holding company, the Stone Circle Development Company and the Stone Circle Housing Company. The companies are limited liability companies and the Council is the sole shareholder. The aim of the SCG is to support the Council's ambition to grow the economy by facilitating the provision of affordable homes and developing new housing, whilst also generating an income for the Council.

The Housing Company purchases properties, maintains them and rents these properties to residents. These properties are rented at rates below the current market rate, but above the rental charged by social landlords. As at March 2024 the Company has purchased 70 properties and hopes to have 164 by the end of the 2024 calendar year. When the Housing Company was first set up, the plans assumed that the Company would breakeven within three years, though we note that if the 2024/25 business plan is agreed this will not happen over the planned 50 years set out in the business plan, unless the Company sells assets to repay its loans. This is a significant change in viability for the company, but one which we understand reflects the changing economy and is understood by the shareholders. It should be noted that the Company is providing income to the Council via interest payments on the loans it received from the Council.

The Development Company purchases land and develops houses on these sites. These houses are then sold on the market or to the Housing Company. The Company is actively progressing four sites, with a fifth land-bid being reviewed. These develops have the potential to deliver 128 new homes, of which 49 would be affordable homes. Each project is separately approved and each provides a different level of return, varying from a loss to 15.92% of gross development value (GDV).

The Council has not risk assessed and completed a risk register for the Stone Circle Group. It does not currently consider it a risk given its size and operation but has included the possibility of default on the loans as part of the risk assessment within the MTFs. We consider that a more detailed risk assessment might be beneficial to ensure that any risks were fully understood by the shareholder and effectively managed.

The Council established a Shareholder Group in January 2022 which carries out the function of the shareholder and acts with delegated authority of the Cabinet. The Shareholder Group has met three times in 2023/24 and approved the business plans for 2023/24 in June 2023 and the 2024/25 business plans in March 2024. The business plans should be approved ahead of the financial year to which they apply, which was not the case for 2023/24 but has been addressed for the 2024/25 business plans.

The Shareholder Group has also begun to receive quarterly performance reports which consider performance metrics as set out in the business plan. These metrics are in the early stages of development and we understand are likely to improve as the arrangements mature.

The Audit and Governance Committee also received an annual assurance report in September 2023. To date scrutiny have not been involved in scrutinising the SCG, but a task and finish group has been established to look and suggest how scrutiny could be involved.

The Council reviewed its governance arrangements in 2021 and as a result removed the Councillors who were Company Directors. At this point the Council's Director of Finance was appointed to the Board, however, the Director of Finance subsequently became the S151 Officer for the Council. We consider this to pose a significant risk of conflict of interest, as does the Council who are in the process of appointing another Director who does not pose the same level of risk of a conflict of interest. At the time of writing this report the Director of Finance (S151) Officer of the Council was still a Director of SCG. The Company Secretary is also an employee of the Council.

Whilst the Council intends to address the issue of the S151 Officer being a Director of the SCG, employees of the Council remain Directors and could still pose a conflict of interest. The Council should ensure it manages these potential conflicts and could do this through conflict of interest protocols, clear directors' mandates and careful selection and training of potential company directors.

**The Council has introduced effective arrangements to monitor and assess the performance of SCG, including an annual review of each company's business plan. However, we consider that arrangements could be improved by removing the S151 Officer from the Board of SCG, risk assessing SCG from the Council's perspective and ensuring any potential conflicts are effectively managed. An improvement recommendation has been raised. See Improvement recommendation 13.**

# Improving economy, efficiency and effectiveness (continued)

## Partnership working

The 22/23 Annual Governance Statement highlights the following partnerships:

- i) The Health and Well-being Board;
- ii) Wiltshire Police and Crime Panel;
- iii) Swindon and Wiltshire Local Enterprise partnership; and
- iv) The Local Resilience Forum.

It goes on to state that the Business Plan 2022-32 will be delivered through service plans and by working with partner organisations and local communities

The Annual Governance Statement identifies improvement actions including creating a County-wide strategic partnership board to oversee an Economic Strategy for Wiltshire and focusing on wider external partnership opportunities that will help take the Council forward. We feel this demonstrates the Council's commitment to delivering outcomes through partnership working.

The Wiltshire Compact is an agreed set of guidelines and principles to foster good working relationships between the voluntary sector and the public sector. This framework states it encourages positive, effective, working relationships. It further outlines these are developed by:

- *Recognising and building on those things we already do well together;*
- *Setting standards and making clear commitments about the ways we will work with each other;*
- *Creating an environment of mutual trust and respect which allows us to which allows us to take full advantage of new opportunities for partnership working*

The Compact Promises are that:

- *We will work together to make the most efficient and effective use of our available funding resources to deliver the best outcomes for the people of Wiltshire;*
- *We will work together as partners to build stronger and more resilient communities; We will work together for, and with, the people of Wiltshire, listening to, talking with and involving as many as practicable in shaping and reviewing outcomes for our communities and service users;*

- *We will promote, support and encourage the work of community groups and volunteering in Wiltshire;*
- *We will recognise and promote the importance of equality, diversity and human rights to ensure an inclusive approach in the creation of stronger, more resilient communities.*

The Council also has a Partnership Working Framework. This was adopted in June 2019 and replaced the former Partnership Protocol. The Framework defines what a partnership is and outlines responsibilities in relation to accountability, financial management, risk management and performance management. This was due for review in 2021 but has been delayed due to changes in arrangement for a key partner (Swindon and Wiltshire Local Enterprise Partnership) from 1<sup>st</sup> April 2024. This review is now planned for the 2024/25 financial year.

The Council also maintains a list which identifies 40 partnerships the Council works within. The list details the responsible department and officer, the accountable body, the sources of funding, sources of risk, performance mechanisms and plans. This allows the Council to understand its partners and oversee these relationships.

The Audit and Governance Committee consider partnerships but there is no regular reporting on partnerships to the Committee. **An improvement recommendation has been raised. See Improvement recommendation 14.**

**We have found no significant weakness in the Council's arrangements for partnerships**



# Improving economy, efficiency and effectiveness (continued)

## Commissioning and procurement

The procurement function is centralised and provides support on tendering and policy. The team also work to develop markets and assess what can be procured as opposed to just going to market blind with unrealistic expectations of what can be achieved.

The Procurement and Contract Procedures Rules were last updated in May 2019. Using the 2023 Procurement Act as a catalyst for change, procurement and contract rules are currently being revised and other procurement and contract management guidance is to be updated. The 2023 Act introduces a new requirement to report on key performance indicators for significant contracts so the Council also needs to develop its contract management procedures as part of this review. An implementation plan and working group is in place to deliver this work. We note the Council's procurement strategy is out of date. The Council is working on a new strategy, which will be in line with 2023 Procurement Act, which is expected to be drafted by April 2024. We note that a procurement service plan is in place.

The Procurement and Contract Rules allow procurement outside of the prescribed rules where certain criteria are met. These are referred to as "Exemptions". Such exemptions are reported via Performance Outcomes Boards but our experience indicates that exemptions which are reported regularly to a member committee such as the Audit and Governance Committee demonstrates enhanced transparency and enables comparisons and trends to be monitored and addressed. **An improvement recommendation has been raised, see Improvement Recommendation 15.**

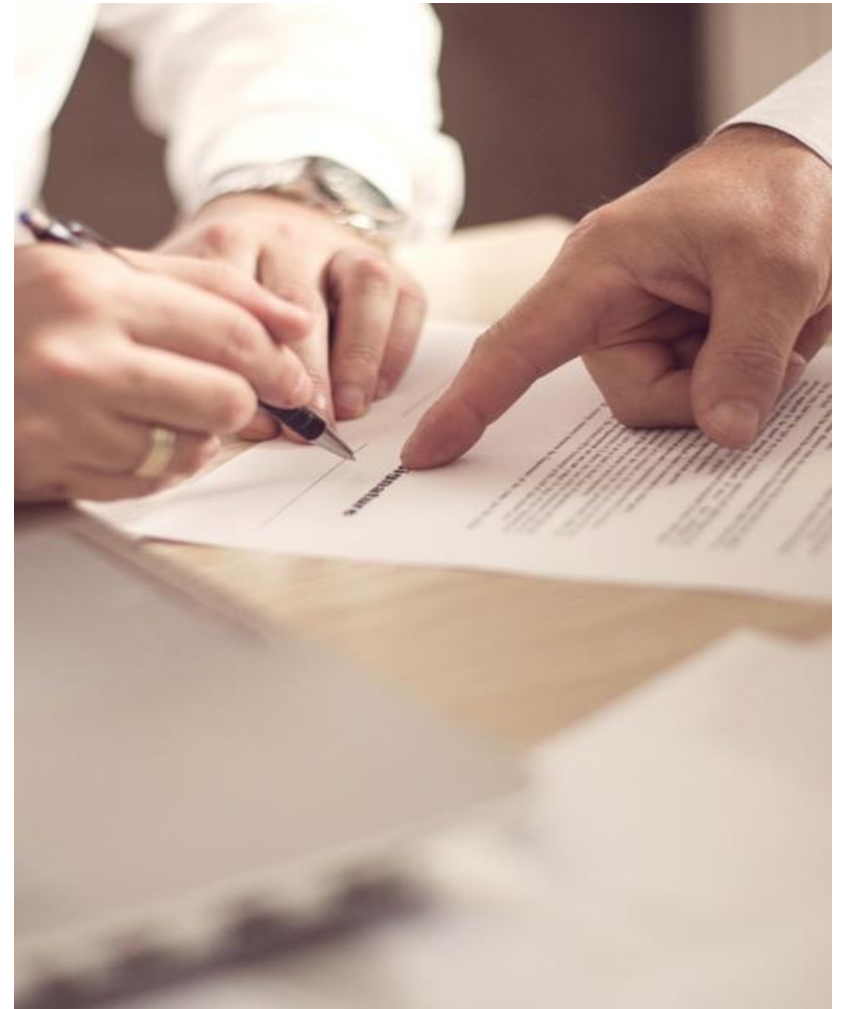
**We have found no significant weakness in the Council arrangements around commissioning, procurement and contract management.**

## Capital

The Council has introduced new governance arrangements around capital works during 2023/24. The capital programme is not tied to an annual process and projects and schemes can be added by Cabinet during the year. All new capital projects require a full business case to go through the Capital Investment Board. The process starts with a feasibility stage and once completed, approved projects will have a formal capital bid prepared. This will be presented to Capital Board where it can be approved to be included in the capital programme.

Once in the capital programme, the project would enter the design phase. All projects will have a project sponsor (usually a strategic director) and a senior responsible officer (a director or head of service) and a professional project manager. There will be a delivery group (an internal group of officers) and a delivery board (usually headed by the project sponsor).

**We have found no significant weakness in the Council's arrangements for management of capital projects**



# Improvement recommendations

## Improvement Recommendation 11

The Council should develop a Data Quality Strategy. The strategy should define what good quality data looks like, describe the Council's data quality objectives, roles and responsibilities and monitoring, review and reporting processes. It should also lay out the Council's expectations in relation to data security, data sharing and the use of third-party data.

### Improvement opportunity identified

Without a data quality strategy, officers may not be clear on their responsibilities and how to collate, analyse and report data.

### Summary findings

While there is a focus in the Executive Office on data quality, achieved through close working with departments and detailed checking of data by the team, along with cross checking using other intelligence the team have, there is no framework on how accurate data should be produced.

### Criteria impacted



Improving economy, efficiency and effectiveness

### Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

### Management comments

**No management response has been provided**

# Improvement recommendations

## Improvement Recommendation 12

The Council should develop a corporate approach to benchmarking and service review.

## Improvement opportunity identified

A programme of benchmarking and service reviews will help enhance performance by identifying best in class practice.

## Summary findings

Benchmarking is not used as a corporate tool. We were informed that POB/POGs may do local benchmarking but no evidence of this was seen during our review.

## Criteria impacted



Improving economy, efficiency and effectiveness

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

Benchmarking is conducted as part of the performance management of services and additional reviews will be undertaken as the budget is being prepared. It is not felt appropriate at this stage to implement a formal corporate approach to benchmarking as services are responsible to conduct the most appropriate benchmarking for their service areas.



# Improvement recommendations

## Improvement Recommendation 13

The Council as shareholder of Stone Circle Group (SCG) should:

- remove the S151 from the SCG Board of Directors
- undertake a risk assessment to understand the risks posed by being a shareholder of SCG, including for example reputational and financial risks; and
- ensure that any potential conflicts of interest resulting from having employees on the SCG Board are effectively managed and mitigated.

## Improvement opportunity identified

These improvements should ensure that that all risks are understood by the shareholder and effectively managed and manage and mitigate any conflicts of interest.

## Summary findings

The Council has not risk assessed and completed a risk register for the Stone Circle Group. It does not currently consider it a risk given its size and operation but has included the possibility of default on the loans as part of the risk assessment within the MTFs. The S151 Officer of the Council is a Director of SCG and has been for the majority of 2023/24. The Council recognises this as a conflict of interest and intends to replace the S151 Director with the Director of Adult Services.

## Criteria impacted



Improving economy, efficiency and effectiveness

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

Following the recent appointment of a new S151 Officer for the Council additional appointments were required to the Board of Stone Circle Group to ensure Boards remained quorate. Following a recent appointment the S151 will be resigning from the Board imminently.

The risk associated with the Council being a shareholder of the SCG is set out in the governance reviews that have been undertaken and the financial risk included within assessments made during the budget setting cycles.

Potential conflicts of Interest from having employees on the SCG Board are managed and mitigated and where there may be a conflict decisions are made by different officers to ensure no conflict arises, such as the Deputy Chief Executive making Council S151 decisions in respect of the SCG while the S151 remained on the board.

# Improvement recommendations

## Improvement Recommendation 14

An annual report on the performance of key partnerships should be reported to the Audit and Governance Committee.

## Improvement opportunity identified

Regular reporting on partnerships to member will help enhance transparency.

## Summary findings

The Council has a partnership framework and general understands its key partnerships. The Audit and Governance Committee oversee partnerships but there is no regular reporting on partnerships to this Committee.

## Criteria impacted



Improving economy, efficiency and effectiveness

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

The Council will consider this recommendation and implement actions to address the reported reporting gap that may lead to a lack of transparency.



# Improvement recommendations

## Improvement Recommendation 15

The Council should:

- ensure the planned enhancements to procurement and contract management arrangements are completed in line with agreed timescales to meet the requirements of the 2023 procurement Act and embedded as business as usual
- report periodically to members at a public meeting, such as Corporate Audit Committee the number and extent of waivers should be reported. in order to enhance transparency and financial oversight.

## Improvement opportunity identified

Reporting of exemptions to members will help increase transparency and accountability.

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## Summary findings

Using the 2023 Procurement Act as a catalyst for change, Procurement and Contract Rules are currently being revised and other procurement and contract management guidance is to be updated. The 2023 Act also introduces a new requirement to report on key performance indicators for significant contracts so the Council also needs to develop its contract management procedures as part of this review. An implementation plan and working group is in place to deliver this work. We note the Council's Procurement strategy is out of date and the Council is working on a new strategy which will be in line with 2023 Procurement Act, which expected to be drafted by April 2024.

The Procurement and Contract Rules allow procurement outside of the prescribed rules where certain criteria are met. These are referred to as "Exemptions" Such exemptions are reported via Performance Outcomes Boards but our experience indicates that exemptions reported regularly to a Member committee such as the Audit and Governance Committee enable comparison and trends to be monitored and addressed.

## Criteria impacted



Improving economy, efficiency and effectiveness

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

The Council is preparing for the implementation of the Procurement Act. The Procurement Service have received some specific training and leadership and management awareness and training across the different service areas has started. Active engagement with all services has commenced and work underway on identifying all up coming procurements that will be affected by the change in the regulation (procurement pipelines). Work will continue on this to ensure the Council is prepared and will meet the new requirements.

Consideration is currently being given to the reporting of Council performance under the new regulations and changes will be implemented to ensure the Audit and Governance Committee have oversight of the relevant performance measures.

# Wiltshire Pension Fund

Wiltshire Council is the administering authority for Wiltshire Pension Fund (WPF) and we are required to consider the Council's arrangements in respect of the governance and management of the pension fund. This requirement is for administering authorities only and as such we have undertaken a high-level review of arrangements in respect of:

- Financial sustainability;
- Governance; and
- Improving economy, efficiency and effectiveness.

The following operated throughout 2023/24:

- Wiltshire Pension Fund Committee - the decision-making committee with delegated authority from the Council, which met seven times in 2023/24. The committee received a range of performance information and agreed policies through the year.
- Wiltshire Pension Board – its role is to ensure the effective governance of the Local Government Pension Scheme and compliance with regulations and legislation. It met four times in 2023/24.

The Pension Fund Business Plan for 2023/24 was set in March 2023 and included key performance indicators, progress on the previous Business Plan and the WPF Responsible Investment Plan for 2023/24. The Treasury Management Strategy and the Investment Strategy Statement for 2023/24 were also set in March 2023, ahead of the financial year as required.

The Funding Strategy Statement is a key strategy to ensure that the WPF is able to meet its liabilities and identifies how employer's pension liabilities are best met, and it seeks to ensure the solvency and long-term cost efficiency of the WPF. The Funding Strategy Statement was last reviewed and updated in March 2023, and it is only due to be reviewed and updated by the Pensions Committee every 3 years.

Quarterly headlines and monitoring reports were presented by the Pension Fund Manager, firstly to the Pension Fund Committee, followed by the Pension Board. These reports included ongoing oversight of the following topics:

- Regulatory, legal and fund update;
- Summary risk register;
- Administration KPIs;
- Key business plan items and progress;
- Internal audit update on review completed in 2022/23; and
- Other items such as training were included as required.

An internal audit review concluded in 2022 a limited assurance opinion. The WPF recognised the improvements required and have been actively addressing the issues identified and have report progress to the Pension Fund Committee on a regular basis.

In addition, the WPF had encountered issues as the service has migrated the pensioner payroll from SAP to Oracle. The Committee and Board members have been kept informed of these issues through reports within the exempt sessions of meetings. This migration continues to be an area of concern.

The WPF planned and managed its resources, monitored performance, and managed risk to ensure that it can continue to deliver its services.

**Based on our review of the arrangements for administering the Wiltshire Pension Fund we are satisfied that proper arrangements were in place and we have not identified any evidence of significant weakness.**

# Opinion on the financial statements



## Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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We conduct our audit in accordance with:

- International Standards on Auditing (UK);
- the Code of Audit Practice (2020) published by the National Audit Office; and
- applicable law.

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

## Audit opinion on the financial statements

The Council has a significant backlog of outstanding financial statements audits, and at the time of writing the last signed audit opinion related to 2018/19. The previous external auditor has indicated their intention to issue a Disclaimer opinion for 2019/20, effectively saying that they are unable to provide assurance on the 2020/21 accounts. The predecessor auditor also issued Written Recommendations under the Local Audit and Accountability Act 2014 due to the Council's control environment and the level of adjustments identified in the 2019/20 financial statements audit. We have recognised a Value for Money risk related to this and the lack of timely production of financial statements. This interim report does not include any commentary on this area given the lack of progress to date, and a further version of this report will be issued once we are able to comment in these areas.

The Council has published draft financial statements up to 2020/21, and remains significantly behind its statutory requirement to publish annual accounts.

We have begun to undertake some initial planning work and will work with officers to understand a timeframe for our audit, including when they expect to publish 2021/22 to 2023/24 accounts.



# Appendices

# Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

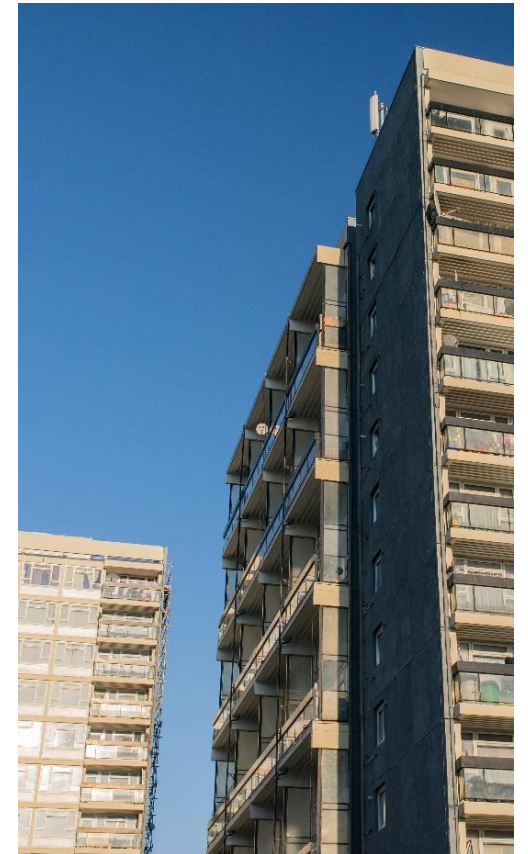
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B:

## An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	Yes	Page 6
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	Pages 19 - 24 Pages 28 - 31 Pages 37 - 41

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**Wiltshire Council**

**Audit and Governance Committee**

**23 July 2024**

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**Subject: Accounts and Audits Backlog Update**

## **Executive Summary**

The responsible financial officer is required to approve and publish the Statement of Accounts for the Council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings.

Nationally Local Government has experienced significant delays in the publication of approved, audited accounts. Sector representatives and stakeholders have been debating approaches to clear this national backlog and the Audit & Governance Committee have been updated many times on the council's outstanding accounts and the proposed cross-system approach of implementing statutory backstop dates to manage the significant national backlog of audit opinions.

## **Proposal(s)**

It is recommended that the Audit & Governance Committee note the content of this report.

## **Reason for Proposal(s)**

The responsible financial officer is required to approve and publish the Statement of Accounts for the Council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings.

The council has several financial years Accounts and Audit processes that remain outstanding. Formal consultations were issued earlier in the year however there has been no formal confirmation to the sector of the final proposal for clearing the backlog. On 22 May the Prime Minister announced a general election on 4 July which has seen further delay to any announcement on the consultations and regulatory changes that are required so that 'backstop dates' provide a defined process for conclusion to the outstanding accounts and national backlogs. In light of the general election announcement and the impact on progress of regulatory changes on 3 July CIPFA announced that they have decided not to implement an exceptional update for the Code of Practice on Local Authority Accounting for 2023/24 and 2024/25 and will focus efforts on longer-term enhancements to the Code and other initiatives. This brings further uncertainty to the outstanding Accounts and Audit processes for the council.

Andy Brown

**Deputy Chief Executive and Corporate Director of Resources**

Lizzie Watkin

**Director of Finance & Procurement (S151 Officer)**

Perry Holmes

**Director of Legal & Governance (Monitoring Officer)**

**23 July 2024**

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**Subject: Accounts and Audits Backlog Update**

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### **Purpose of Report**

1. This report presents an update to the previously reported cross-system approach of implementing statutory 'backstop' dates to manage the significant national backlog of audit opinions and the impact this has on the council.

### **Relevance to the Council's Business Plan**

2. The responsible financial officer, the council's Section 151 Officer, is required to approve and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings.

### **Background**

3. The Audit and Governance Committee have received regular reports that set out the delays the council has faced in concluding the outstanding accounts, that include the final publication of the approved 2019/20 accounts, the accounts for 2020/21 - 2022/23 and the latest 2023/24 accounts that had a publication date for draft accounts of 31 May 2024. As the committee are aware that the draft accounts for 2020/21 have been published and it is anticipated that the 2021/22 draft accounts will be published by the beginning of July.
4. The delays the council has faced are not unique and at the beginning of June only 41% of councils met the 31 May deadline for the 2023/24 draft accounts publication. The council continues to work with the External Auditor to progress all outstanding accounts and audit processes.
5. Consultations were issued in February 2024 by the National Audit Office, the Department for Levelling Up, Housing and Communities and CIPFA on the proposed approach for implementation of backstop dates however the results have not been reported back to the sector yet and it is not clear the extent of the regulatory changes required to allow conclusion of the outstanding accounts and the implications for the council at this stage.
6. On 22 May the Prime Minister announced a general election was to take place on 4 July. The results of the consultations had not been announced prior to this announcement, nor had the required legislative changes been agreed and implemented and it is therefore expected that a further delay to the implementation of such changes will be experienced. This is considered to put significant risk to the anticipated date of 30 September 2024 for the backstop date and this is now likely to be delayed.

7. The sector has been informally advised that implementing regulatory changes to manage the national backlog of accounts remains a priority for the government and it is hoped that the legislative changes are implemented promptly following the general election.
8. In light of the general election announcement and the impact on progress of regulatory changes, on 3 July CIPFA announced that they have decided not to implement an exceptional update for the Code of Practice on Local Authority Accounting for 2023/24 and 2024/25 and will focus efforts on longer-term enhancements to the Code and other initiatives. This brings further uncertainty to the outstanding Accounts and Audit processes for the council and it is not clear what impact any audit that uses the 'backstop' regulations (once implemented) will have on the subsequent outstanding accounts for the financial years 2023/24 onwards.
9. The Director of Finance & Procurement (S151 Officer) will ensure this committee is kept up to date with progress and the implications for the council for the outstanding accounts and audit processes and approval requirements by this committee.

### **Overview and Scrutiny Engagement**

10. No overview and scrutiny engagement has taken place due to the statutory nature of the Statement of Accounts and Audit process. Those charged with governance are responsible for the review and approval of all matters concerning the annual accounts and responsible for the approval of the accounts.

### **Safeguarding Implications**

11. There are no safeguarding implications associated with this report.

### **Public Health Implications**

12. There are no public health implications associated with this report.

### **Procurement Implications**

13. There are no procurement implications associated with this report.

### **Equalities Impact of the Proposal**

14. There are no equalities impacts arising from this report.

### **Environmental and Climate Change Considerations**

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

### **Risks that may arise if the proposed decision and related work is not taken**

16. The annual Statement of Accounts are required to be approved and published by the deadlines set out in regulation or as soon as reasonably practicable after the receipt of the external auditor's final findings report. The current statutory deadlines for publishing audited accounts in respect of the council's outstanding accounts are:

- 2019/20 accounts - 30 November 2020;
- 2020/21 accounts - 30 September 2021;
- 2021/22 accounts - 30 November 2022;
- 2022/23 accounts - 30 September 2023; and
- 2023/24 accounts – 30 September 2024

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

17. The responsible financial officer, the council's Section 151 Officer, is required to approve and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings.

18. It is expected that the outstanding accounts will progress and reports be presented to this committee, and the council will meet new regulatory requirements to meet the 'backstop dates' when these are confirmed which is expected sometime following the general election.

### **Financial Implications**

19. The sub-standard original draft accounts for 2019/20 and prolonged external audit process has exposed the council to significant costs associated with the use of specialist, experienced agency staff to manage correcting the errors and misstatements and the continued and repetitive audit queries and process. The continued audit processes will result in additional audit fees that will be determined through the PSAA contractual arrangements and arbitration.

20. It is expected that there will be minimal audit process on 3 outstanding accounts for the financial years 2020/21-2022/23 and the council will liaise with the PSAA to agree the scale of fee reduction for those years.

### **Legal Implications**

21. Regulation sets out the publication requirements for local authority accounts and the council is unable to meet these requirements due to the on-going issues. Notices are published on the council's website giving detail of the late publication for the outstanding accounts.

22. As soon as practicable the council will publish the remaining Statement of Accounts that are overdue and will allow inspection of those accounts through public inspection periods that are consecutive, so that they are in line with the statutory requirement to allow public access and scrutiny. Notifications of these accounts' publications and public inspection periods will be available on the council's website.

## **Workforce Implications**

23. Additional in-house and external resource has been and continues to be committed to the work to conclude the outstanding accounts.

## **Options Considered**

24. Accounts are concluded in line with guidance and regulation set by Government and other regulators. The responsible financial officer, the council's Section 151 Officer, is required to approve and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings. There are no other options to consider.

## **Conclusions**

25. It is recommended that Audit and Governance Committee note the contents of this report and the likely delay in backstop dates and therefore the delay in the conclusion of the outstanding accounts.

## **Andy Brown**

Deputy Chief Executive & Corporate Director of Resources

## **Lizzie Watkin**

Director of Finance & Procurement (S.151 Officer)

## **Perry Holmes**

Director of Legal & Governance (Monitoring Officer)

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12/07/2024

## **Appendices**

None

## **Background Papers**

Audit & Governance Committee – 25 July 2023 – Accounts and Audit Update report [Agenda for Audit and Governance Committee on Tuesday 25 July 2023, 2.30 pm | Wiltshire Council](#)

**Audit and Governance Committee**  
**Proposed Forward Work Plan 2024/25**

Please note that the FWP is a dynamic document, updated on a regular basis as required

Meeting Date	Item	Responsible Officer/Organisation	Draft Report Deadline	Publication Deadline
<b>11 September 2024 (Extraordinary Meeting) - TBC</b>	Statement of Accounts 2020/21	Lizzie Watkin/ Andy Brown	28 August 2024	3 September 2024
	Statement of Accounts 2021/22	Lizzie Watkin/ Andy Brown		
	Statement of Accounts 2022/23	Lizzie Watkin/ Andy Brown		
<b>17 October 2024</b>	Value for Money (TBC)	Grant Thornton	2 October 2024	9 October 2024
	Stone Circle Annual Governance Update	Perry Holmes / Amy Williams		
	Internal Audit Update Report	SWAP		
	Housing Revenue Account (HRA) Landlord Compliance	Nick Darbyshire / Ian Seeckts / Deana Hitchins / Kevin Butcher		
	Procurement action plan - following limited assurance audit	Deb Bull		

<b>29 Jan 2025</b>	Internal Audit Update Report	SWAP	15 Jan 2025	21 Jan 2025
	AGS 2023/24 governance update on actions	David Bowater / Perry Holmes		
<b>April 2025 – date TBC</b>	Internal Audit update report	SWAP	TBC	TBC
	Accounting Policies 2024/25	Lizzie Watkin / Sally Self		
	External Audit Plans 2024/25	Grant Thornton		
	Housing Revenue Account (HRA) Landlord Compliance	Nick Darbyshire / Ian Seeckts / Deana Hitchins / Kevin Butcher		