

**Wiltshire Council**

**Cabinet/ Audit Committee**

**2 July 2019/ 26 June 2019**

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**Subject: Draft Annual Governance Statement 2017/18**

**Cabinet Members:**

**Cllr Philip Whitehead - Cabinet Member for Finance, Procurement, ICT and Operational Assets**

**Cllr Richard Clewer – Cabinet Member for Housing, Corporate Services, Arts, Heritage and Tourism**

**Key Decision: No**

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### **Executive Summary**

The Annual Governance Statement for Wiltshire Council should demonstrate how the Council is meeting the principles of good governance adopted in its Code of Corporate Governance. A draft statement has been prepared based on the local code of corporate governance agreed by Cabinet.

### **Proposal(s)**

Audit Committee and Cabinet are therefore, asked:

- a. to consider the draft AGS as set out in Appendix 1 and make any comments or changes as they see fit;
- b. to note that the draft AGS will be revised in the light of any comments before final approval by the Audit Committee and publication with the Statement of Accounts and Senior Information Risk Owner Annual Report at the end of July 2019.

### **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 2018/19. This will be signed by the Leader of the Council and the Corporate Directors after final approval by the Audit Committee on 24 July 2019. The AGS will form part of the Annual Statement of Accounts for 2018/19.

**Ian Gibbons**

Director, Legal, Electoral and Registration Services (Monitoring Officer)

## Wiltshire Council

### Audit Committee/ Cabinet

26 June/ 2 July 2019

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**Subject: Draft Annual Governance Statement 2017/18**

**Cabinet members: Cllr Philip Whitehead, Cllr Richard Clewer**

**Key Decision: No**

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### Purpose of Report

1. To ask Audit Committee and Cabinet to consider a draft Annual Governance Statement for 2018/19 for comment before final approval is sought from the Audit Committee on 24 July 2019.

### 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 2018/19. This will be signed by the Leader of the Council and the Corporate Directors after final approval by the Audit Committee on 24 July 2019. The AGS will form part of the Annual Statement of Accounts for 2018/19.
3. The format of the AGS follows recent 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 Cabinet at its meeting on 11 June recommended for adoption to full council on 9 July.
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 2018/19, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts in July 2019. The AGS should outline the actions taken or proposed to address any significant governance issues identified.
6. The AGS is drafted by senior officers who have lead roles in corporate governance. The evidence for the AGS comes from a variety of sources, including service plans, relevant lead officers within the organisation, internal and external auditors and inspection agencies.
7. In last year's Annual Governance Statement the Council identified a number of areas where further improvements to can be made to strengthen its governance framework. Much of the details of these areas for improvement are covered in this year's draft Annual Governance Statement but to enable simple comparison details of the progress made on these specific areas since 2018 is summarised below:

#### **Summary of improvements suggested in 2017/18**

- a. Responding to the recommendations in peer reviews including the Corporate Peer, SEND and CQC reviews. This will include assessing the impacts on the delivery of the Council's Business and Financial Plans of external factors including the Social Care green paper expected Summer 2018, changes to the Business Rates system and lessons learnt from the s114 issued at Northamptonshire County Council.

*Action Plans for the relevant inspections and reviews have been drawn up and progress monitored by the Overview and Scrutiny Management Committee, Families and Children's Transformation Programme and the Health and Wellbeing Board. The Social Care green paper has been repeatedly delayed and the outcome of the fairer funding review is still awaited from central government.*

- b. Embedding improvements to data protection to be compliant with the new regulatory framework.

*Mandatory training on GDPR has been rolled out across the council; further detail is provided in the SIRO annual report.*

- c. Responding to an event in March 2018 that occurred in Salisbury the Council will seek to learn and share lessons surrounding the event, as well as assess the long-term impact and actions needed for the County, Council and Partners.

*The Salisbury and Amesbury incidents in March and July 2018 had significant implications for the county, council and partners. The council has continued to participate in evaluations of the response and recovery, sought funding from central government and diverted funding from reserves as appropriate.*

- d. Ensuring the new waste contract is mobilised effectively in line with current plans for July 2018.

*Waste had a net overspend of £4.099 million, this is after the release of the reserve identified for Waste of £1.250 million that was set aside as part of 2017/18 outturn. The majority of this overspend was due to the significant delay in the Council's Contractor obtaining planning permission for construction of a*

*Materials Recovery Facility (MRF) to sort dry recyclable materials. As a consequence, the contract for sorting dry recyclable materials (Lot 1) and the contract for collection of waste and recycling (Lot 5), which commenced on 30 July 2018, could not be delivered as originally intended. An interim service was put in place to enable the collection and recycling of additional plastic materials from the blue lidded bin. However, this required the use of additional vehicles and employment of additional staff as the collection of dry recyclable materials continued to be based on separate collection of materials from the black box.*

*In addition, a number of savings proposals for 2018/19 around the new contract were not achieved. This was due to a combination of the delay in implementing the service changes referred to above and the availability of sufficient resource in the Waste and IT teams, given ongoing work on implementing new systems for management of the waste contracts.*

*Landfill tax was £0.598 million above budget. In 2018/19 the budget was reduced to reflect a forecast reduction in tonnes of waste to landfill as a result of the cessation of collection of commercial waste and other 2018/19 savings initiatives. These savings proposals have been implemented but the anticipated reduction in tonnes has not been seen. The Waste Budget has been rebased for 2019/20 based on the forecast contract models and tonnage expectations.*

- e. Improving the Council's counter fraud framework including greater awareness and response. There will be a review of the inter-relationship between key policies to improve clarity and consistency of processes including: Anti-Fraud and Corruption, Whistle Blowing, complaints and some staff policies, such as registering interests, gifts and hospitality.

*Audit Committee have approved the new counter fraud framework and a review of the inter-relationship of key policies has taken place. Accompanying action plans will be finalised within 2019.*

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

*This action has not been undertaken is being taken forward during 2019.*

- g. Reporting of finance and performance and risk management will be more closely aligned. A review of the relevant Corporate Performance Strategy and Risk Management Strategy will take place to ensure a focus on links between the use of resources and the outcomes being achieved. Alongside this there will be a focus on delivery of comprehensive plans for change for council services and a review of council commissioning, procurement and contract management.

*A new risk and performance management policy was agreed in February 2019 to replace the previously separate Corporate Risk Strategy and Corporate Performance Strategy. July 2019 will see the first aligned quarterly finance and performance report to cabinet.*

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

8. A draft AGS for 2018/19 is attached at Appendix 1. The draft will be updated in the light of any observations of Cabinet and Audit Committee,

as well as external audit (Deloitte).

9. The Council's internal auditors have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2018/19.
10. The final sections of the draft AGS require the Council to identify any significant internal control issues affecting the Council during the relevant period. CIPFA guidance suggests that an internal control issue is to be regarded as significant if:
  - the issue has seriously prejudiced or prevented achievement of a principal objective;
  - the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
  - the issue has led to a material impact on the accounts;
  - the audit committee, or equivalent, has advised that it should be considered significant for this purpose;
  - the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
  - the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
  - the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.
11. At this stage it is proposed to include the following governance issues as areas for improvement:
  - Agree an updated Corporate Equality Plan for 2019/20
  - Review the arrangements for dealing with code of conduct complaints (Protocol 12)
  - Review and update as appropriate the Behaviour's Framework
  - Review the procurement approach to social value
  - Adopt a new Partnership Working Framework (replace Protocol 8 of the constitution) and undertake an audit of partnership arrangements across the council
  - Review the Wiltshire Compact and role of Wiltshire Assembly
  - Agree new consultation policy/ guidance to replace the 2015 consultation strategy
  - Consider options for collecting feedback from residents, including surveys
  - Review Part 4 of the constitution in relation to petitions
  - Fully implement the peer review recommendations by developing an outcome-based planning process aligned to budget build
  - Consider additional resource for service delegation and asset transfer delivery
  - Respond to the findings of an Ofsted inspection in May/ June 2019 building on the previous progress that has been made.
  - Review the effectiveness of the commercial policy and current commissioning approaches.
  - Implement the newly adopted Part 10 of the constitution on

procurement and contract rules; aligned to a regularly updated Annual Procurement Plan and medium-term contract management strategy. Embed good commissioning and contract management as part of staff job descriptions.

- Deliver outstanding waste service changes and saving initiatives
- Rollout training and awareness on decision making processes following a review of corporate governance practices
- Review business intelligence (data analysis and insight) functions across the council and supporting systems
- Review how performance can be communicated to the public to deliver maximum openness and transparency.
- Combine financial reporting and performance and risk reporting in the same quarterly report to Cabinet and embed good practice across the council
- Review how the council collects general feedback from individuals and communities to assess improvements in approach (such as residents surveys)
- Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved
- Finalise accompanying action plans for the counter fraud framework

12. The governance of the Council will continue to be monitored by Cabinet, other councillor committees and the Council's Corporate Leadership Team. That will include the areas to address identified above.
13. The Council's external auditors, Deloitte LLP, have been consulted on the draft AGS and their comments will be reflected in the final draft to be presented to Audit Committee 24 July 2019.

### **Safeguarding Implications**

14. There are no safeguarding implications arising directly from this report.

### **Public Health Implications**

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

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

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

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

17. There is no impact on equality arising from this report.

### **Risk Assessment**

18. Ongoing review of the effectiveness of the Council's governance arrangements is an important part of the Council's performance and risk management policy.

## **Financial Implications**

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

## **Legal Implications**

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

## **Proposal**

21. Audit Committee and Cabinet are therefore, asked:
  - c. to consider the draft AGS as set out in Appendix 1 and make any comments or changes as they see fit;
  - d. to note that the draft AGS will be revised in the light of any comments before final approval by the Audit Committee and publication with the Statement of Accounts and Senior Information Risk Owner Annual Report at the end of July 2019.

## **Reason for Proposal**

22. To prepare the AGS 2018/19 for publication in accordance with the requirements of the Audit and Accounts Regulations.

## **Baroness Scott of Bybrook OBE**

Leader, Wiltshire Council

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## **Background Papers**

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

## **Appendices**

Appendix 1 Wiltshire Council's Draft Annual Governance Statement 2018/19