

Wiltshire Council

Audit and Governance Committee

27 July 2021

Subject: Annual Governance Statement 2020/21

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 agreement as part of the Annual Accounts.

Proposal(s)

The Audit Committee is asked to consider the draft Annual Governance Statement for 2020/21 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 2020/21. 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 2020/21.

Perry Holmes

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Jo Pitt

Director, Human Resources and Organisational Development

Wiltshire Council

Audit and Governance Committee

27 July 2021

Subject: Annual Governance Statement 2020/21

Purpose of Report

1. To consider the Annual Governance Statement for 2020/21.

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 2020/21. 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 2020/21.
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 2020/21, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts. The AGS should outline the actions taken or proposed to address any significant governance issues identified.
6. The AGS is drafted by senior officers who have lead roles in corporate governance. The evidence for the AGS comes from a variety of sources, including service plans, relevant lead officers within the organisation, internal and external auditors and inspection agencies.
7. In last year's Annual Governance Statement the Council identified a number of areas where further improvements could be made to strengthen its governance framework. Quarterly reports have been provided to the Audit and Governance Committee and where appropriate have been rolled forward into the AGS for 2020/21. It should be noted that the previous AGS was agreed later than normal (in November 2020) after the date for its submission was extended under the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020. This means that less time has been available than usual to implement the improvement actions identified within that AGS.

Summary of improvements suggested in 2019/20

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

AGS improvement actions	Current Status	
Deliver policy and training to embed social value across the council	Our work on Organisational Recovery will ensure we strengthen alignment between policy development and spending with third parties across the Council, and establish a culture, to maximise the delivery of tangible social, economic and environmental outcomes through commercial activity. We will take a targeted and data driven approach to such policy application to ensure that we focus efforts on those areas where maximum benefits can be achieved; we will supplement this by providing support, training and tools, to help people throughout the Council to deliver defined & tangible benefits for the people of Wiltshire. <i>Action will be reworded and rolled forward.</i>	AB JH
Promote with staff 'EPIC values' (Empowering People to Innovate and Collaborate) and an updated code of conduct, replacing the previous Behaviours framework	Complete. The code of conduct was updated in September 2020. A range of activity has promoted EPIC values with staff.	JP PM

Principle B - Ensuring openness and comprehensive stakeholder engagement

AGS improvement actions	Current Status	
Implement a new VCS strategy and review the Wiltshire Compact	A new VCS strategy was drafted before the COVID pandemic. The principles of	JG

	<p>openness and comprehensive stakeholder engagement have been embedded into the partnership work of response and recovery. The Neighbourhood cell led this initially and leadership continued through the Community Resilience recovery group bringing together Community Partners, VCS, Strategic partners and the Council. Wessex Community Action are leading a developmental evaluation exercise to assess the impact of the Community Resilience Partnership work during the pandemic. This work will inform how the Council learn lessons from the pandemic and work with the VCS in future.</p> <p><i>Action will be reworded and rolled forward.</i></p>	
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Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits

AGS improvement actions	Current Status	
Pilot a multi-year outcome-based planning process aligned to budget build (when spending reviews permit)	The delay in a multi-year spending review until 2021 means the process will be considered when spending reviews permit. <i>Action will be reworded and rolled forward.</i>	AB
Review approach to service delegation and asset transfer and One Public Estate	A review of the benefit of the asset transfer and service devolution programme has taken place. The future approach will be informed by the review. One public estate opportunities will be identified as part of the asset rationalisation programme and early progress has already been made in that respect. <i>Action will be reworded and rolled forward.</i>	AB SH

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

AGS improvement actions	Current Status	
Review the effectiveness of the commercial policy and current commissioning approaches.	Elements of the Council's Capital Programme around commercial investment were deferred while others are progressing. The Council's appetite for commercial investment, given the current economic state, will be wrapped up as part of the	SH HH

	<p>recovery work. Recent government controls on use of PWLB borrowing has prevented commercial investment. There will be a need to review the commercial policy in light of changing government policy.</p> <p>The governance of the council owned companies, Stone Circle, is being reviewed and a report will be taken to Cabinet in July 2021.</p> <p><i>Action will be reworded and rolled forward.</i></p>	<p>AB PH</p>
Embed good commissioning and contract management as part of staff job descriptions.	<p>Procurement are reviewing information and will liaise with HR Business Partner to discuss – current action is with Procurement</p> <p><i>Action will be reworded and rolled forward.</i></p>	<p>AB JH</p>

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

AGS improvement actions	Current Status	
Rollout training and awareness on decision making processes	<p>Guidance is being drafted, subject to review by Corporate Governance Group, before discussion at CLT/ELT and development of training material. A comprehensive councillor induction and development programme has been prepared for all councillors to benefit from following local elections.</p> <p><i>Action will be rolled forward.</i></p>	<p>IG JP MD MN</p>
Work with partners to complete a multi-agency evaluation of the response to the pandemic	<p>A full multi-agency debrief was not taken forward before response was reactivated for the second wave – this will be considered during 2021. As part of the ongoing management of outbreaks and situations the Local Outbreak Management Plan has been updated. This used multi-agency feedback and wider regional Sector-Led Improvement work to ensure an effective continued response to the changing nature of the pandemic.</p> <p><i>Action will be rolled forward.</i></p>	<p>KB EP MN</p>

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

AGS improvement actions	Current Status	
Review how performance can be communicated to the public to deliver maximum openness and transparency	<p>A new approach to communication of performance as well as publishing open data will be developed and delivered as part of</p>	<p>MN</p>

	the BI Development programme and SAP Evolve project in line with organisational recovery <i>Action will be rolled forward.</i>	
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Principle G - Implementing good practices in transparency, reporting and audit to deliver accountability

AGS improvement actions	Current Status	
Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved	An outcome-based process has been developed with the intention of informing a three year budget. The delay in a multi-year spending review until 2021 means the process will be piloted during 2021/22, following the local elections, ready for 2022/23. Services are being provided with support for preparations with the new Business Plan. A new portfolio management approach is being implemented to align corporate programmes with the new Business Plan and ensure benefits realisation. <i>Action will be rolled forward.</i>	AB MN

Initials

AB: Andy Brown, Interim Corporate Director, Resources

PH: Perry Holmes, Director, Legal and Electoral Services

JP: Jo Pitt, Director, HR and OD

SH: Simon Hendey, Director, Housing and Commercial

HH: Helean Hughes, Director, Education and Skills

JG: Jess Gibbons, Director, Communities and Neighbourhood Services

KB: Kate Blackburn, Director, Public Health

PM: Paula Marsh, HR

JH: Jonathan Hopkins, Procurement

MN: Martin Nicholls, Executive Office

MD: Maria Doherty, Democracy

EP: Emergency Planning

Main Consideration for the Council AGS - Content

8. An AGS for 2020/21 is attached at Appendix 1. This has been updated in the light of the observations of external audit (Deloitte). The Council's internal auditors, SWAP, have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2020/21.
9. The final sections of the AGS require the Council to identify any significant internal control issues affecting the Council during the relevant period. CIPFA guidance suggests that an internal control issue is to be regarded as significant if:
 - the issue has seriously prejudiced or prevented achievement of a principal objective;
 - the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
 - the issue has led to a material impact on the accounts;
 - the audit committee, or equivalent, has advised that it should be considered significant for this purpose;
 - the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
 - the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
 - the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.
10. The response to the COVID-19 pandemic will have immediate and undoubtedly long lasting significant financial implications for Wiltshire's economy, communities and residents as well as the Council itself. The magnitude and far reaching consequences of this unprecedented situation represents a significant governance issue for the Council, which will be addressed through business planning processes and work with our partners.
11. Areas for improvement in governance arrangements will need to be considered through the lens of recovery as work progresses under the themes of the Recovery Plan. Subject to this, the following areas for improvement have been identified at this stage:
 - Review commissioning and procurement approaches to embed industry standard contract management as part of staff job descriptions; deliver policy and training to embed social value across the council; and strengthen our approach to partnership working with the VCS through business planning processes.
 - Continue activities to embed EPIC values and all of the values in Our Identity across the organisation
 - Take effective steps to respond to the significant budget gap for 2022/23 within the context of a Medium Term Financial Strategy
 - Regularly report on delivery against outcomes defined in the new Business Plan, including our commercial approach
 - Finalise the governance review of Stone Circle company and shareholding

- arrangements
 - Rollout training and awareness on decision making processes
 - Continue to work with partners to complete a multi-agency evaluation of the local response to the pandemic
 - Review how performance can be communicated to the public to deliver maximum openness and transparency.
 - Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved
 - Review the Complaints Procedure alongside arrangements to report trends and learning
12. The Council's external auditors, Deloitte LLP, have been asked for their comments on the draft AGS and these will be reflected in the final draft. The Council has been working with the **External Auditor** and has agreed an approach to evidence the fixed asset accounting disclosures historical balances within the revaluation reserve and capital adjustment account to ensure the 'except for' qualification on these accounts for 2018/19 and 2019/20 is cleared for the accounts for the financial year 2020/21. Details of the conclusion and opinion can be found in the auditor's ISA 260 reports. The issue will also be covered separately in the report on the annual accounts.

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Appendices

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