



## **DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15**

### **1. Scope of Responsibility**

- 1.1 Corporate governance is a phrase used to describe how organisations direct and control what they do. For local authorities this also includes how a council relates to the communities that it serves.
- 1.2 At Wokingham Borough Council we are responsible for ensuring that financial management is adequate and effective and that we have a sound system of internal control to enable us to carry out our functions effectively and efficiently whilst ensuring that there are arrangements for the management of risk.
- 1.3 We must conduct a review, at least once a year, of the effectiveness of our system of internal control and report our findings in an annual governance statement. The statement must be prepared in accordance with proper practices and be reported to a committee of councillors. This document comprises our annual governance statement for 2014/15.
- 1.4 The statement should be read alongside our planning, performance management and accountability arrangements described in:
  - A New Vision for the Wokingham Borough.
  - Our plans and strategies, including:
    - Council Plan 2014 - 2017;
    - Wokingham Children and Young People Plan 2014 - 2016;
    - Adopted Wokingham Borough Core Strategy - January 2010;
    - Wokingham Health and Wellbeing Strategy 2014 - 2017; and
    - Medium Term Financial Plan 2014 to 2015.

### **2. Context**

- 2.1 The changing needs of our residents and communities, significant reductions in resources and central government reforms, present a challenge to all councils. Wokingham Borough Council has ambitious plans regarding the delivery of 13,000 homes and the regeneration of Wokingham Town Centre. In addressing these challenges we must ensure that governance arrangements support the effective delivery of services and management of risk.
- 2.2 By applying the principles in our Code of Corporate Governance (summarised below) and applying our local codes of conduct for Members and employees, we commit to devising

and delivering services to the residents of the Borough in a way that demonstrates accountability, transparency, effectiveness and integrity.

2.3 The council follows the following governance principles:

- Focussing on the council's purpose and community needs;
- Having clear responsibilities and arrangements for accountability;
- Good conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and risk management;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders.

### **3. The purpose of the governance framework**

- 3.1 Our governance arrangements are designed to manage risk to a reasonable level. The arrangements cannot eliminate all risks but can provide reasonable assurance of our effectiveness.
- 3.2 The governance framework has been in place for the year to the date of approval of this annual governance statement.

### **4. The governance framework**

- 4.1 Our governance framework in Wokingham Borough comprises the systems and processes, and culture and values that allow us to achieve our strategic objectives and establish the extent to which services are delivered in an appropriate and cost effective way.
- 4.2 These are summarised below:
- Our vision, that is our shared priorities and intended outcomes for residents and service users documented in "A New Vision for the Wokingham Borough", Council Plan 2014 – 2017 and other documents contained in our Budget and Policy Framework;
  - The committees, boards and task and finish groups we have established to ensure democratic engagement and accountability is central to our key and other important decisions;
  - Our arrangements for the oversight and scrutiny of decisions and policy development by councillors;
  - Delegation and sub delegation arrangements which document the roles and responsibilities of executive and non-executive councillors and our statutory (and other senior) officer functions;
  - Our risk, performance and accountability arrangements that measure the quality of services, ensuring they are delivered in accordance with our objectives and that they represent the best use of resources;

- Our Values and codes of conduct which underpin how Members and employees work;
- Our arrangements for consultation and engagement with the community particularly focussed to help ensure engagement with residents;
- Our arrangements to safeguard our most vulnerable citizens including fully embracing the role of independent chairs of safeguarding boards for children and adults;
- An effective and independent Shared Audit & Investigation Service; and
- Our procedure rules and internal management processes for:
  - Financial management;
  - Procurement;
  - Information governance and data security;
  - Health and safety;
  - Decision making;
  - Whistleblowing and complaints handling; and
  - Anti-fraud & corruption.

## **5. Review of Our Effectiveness**

### **5.1 Establishing and monitoring the achievement of the council's objectives**

The council's vision, principles, priorities and values were agreed by elected members and officers in 2012. A Council Plan has been operational since November 2014. The council's vision, principles, priorities and values were used to inform service plans for 2014/15 and individual objectives with the council's values being part of every officer's performance review.

- 5.2 The service plan template contained performance indicators (to address corporate priorities), benchmarking (to review our services against others and identify efficiencies) and budget monitoring (to identify savings and efficiencies).

### **5.3 The Facilitation of Policy and Decision Making**

The council has a written constitution, as required by the Local Government Act 2000. For the financial year 2014/15 it was based on the Executive – Leader/Cabinet Model (as set out in the Local Government and Public Involvement in Health Act 2007). The Executive acted collectively and as individuals in accordance with the relevant protocol agreed in 2006. The constitution is divided into sections which include articles which set out the basic rules governing the council's business and more detailed procedures, codes of practice, rules of procedure and protocols. These include: Executive Procedures Rules; Overview and Scrutiny Procedures Rules; Members Code of Conduct; Protocol on Member/Officer Relations; Access to Information Procedure Rules; as well as the Scheme of Delegation to Officers; and the council's Financial and Procurement Rules.

- 5.4 Meetings are open to the public except where personal or confidential matters are being disclosed. In addition, senior officers of the council can make decisions under delegated



authority. Proposed changes to the constitution are considered in advance of Council approval by the Constitution Review Working Group.

- 5.5 The council has a robust decision making process which provides for both Executive and individual Executive decisions. Individual Executive decisions are taken in accordance with chapter 5.5 of the council's constitution. All decisions are advertised and are supported by a formal public report which is produced five clear working days in advance of the decision being taken. All decision making meetings are public meetings, and are filmed. Both Executive and individual Executive decisions are subject to documented 'Call-In' arrangements except when exempt information is to be discussed.
- 5.6 Policy is considered and formulated by Executive Members of the Administration, who are advised by senior officers. Supported policies are presented to Executive/Council for formal approval.
- 5.7 The council has designated the Head of Governance and Improvement as Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service (Chief Executive) and Chief Finance Officer (Director of Finances and Resources), the Monitoring Officer will report to Council if it is considered that any proposal, decision or omission would give rise to unlawfulness, or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. No such report has been issued during the 2014/15 financial year.
- 5.8 The Chief Executive, Director of Finances and Resources and Head of Governance and Improvement (Monitoring Officer) are part of the council's Corporate Leadership Team and have access to all decision making meetings.
- 5.9 The Financial Management of the Council and the Reporting of Financial Management  
The Medium Term Financial Plan (MTFP) provides a strategic overview of the council's financial position over a three year period to provide a longer-term view. It includes the council's resources requirements and performance targets (outputs) over the medium term. It also includes a service narrative, financial risk analysis, reserve policies and covers both revenue and capital. The MTFP incorporates the financial plans with our key partners over a three year period.
- 5.10 The financial management arrangements of the council are brought together in the Financial Regulations and Budget Management Protocol which identifies roles, responsibilities, policies, procedures and processes.
- 5.11 There is appropriate monitoring of the revenue and capital budget by CLT/Executive Leads and Executive. The Statement of Accounts produced at financial year-end is approved by the Audit Committee on behalf of the council.
- 5.12 The financial management of the authority is conducted in accordance with the financial rules set out in Part 4 of the constitution (the Financial Regulations) and the Medium Term Financial plan (Budget Management Protocol).
- 5.13 The Performance Management System of the council and the Reporting of Performance Management

In 2014/15 performance management was delivered through service plans. The council has adopted the Balance Scorecard methodology and this is reviewed by CLT and Overview and Scrutiny.

5.14 The Risk Management of the authority and the Reporting of Risk Management

The process, roles and responsibilities of members, committees and staff are laid out in the council's Enterprise Risk Management Policy. The CLT has responsibility for the Corporate Risk Register (CRR) and for refreshing this on a regular basis. The CRR is presented to the Audit Committee and forwarded to Executive members for information and reference.

5.15 A Risk Management Group consisting of representatives from all service areas continues to meet quarterly. The group helps to facilitate the production and refresh of both the corporate and service risk registers. This group ensures that risks are considered both vertically and horizontally.

**6. Review of Effectiveness of Wokingham Borough Council's Governance Framework**

6.1 This review of effectiveness is informed by:

- The work of the Corporate Leadership Team, who have responsibility for the development and maintenance of the council's governance environment;
- The Head of Internal Audit's Annual Internal Audit Report; and
- Comments made by the external auditors and other review agencies and inspectorates.

6.2 The draft Annual Governance Statement is considered by CLT and is subsequently reviewed and endorsed by the Audit Committee prior to presentation at Council as part of the audited financial statements.

6.3 Review of the Effectiveness of the System of Internal Control

The council has developed an Assurance Framework to maintain and review the system of internal control. Assurances are provided by a number of sources including Internal Audit and Investigation coverage, annual Management Assurance Statements, the Performance Management system, the Risk Management system, External Audit coverage and other external inspections (e.g. Ofsted).

6.4 The Service Manager – Shared Audit & Investigation Service produces an Annual Internal Audit Report which is submitted to the Audit Committee and includes an opinion on the effectiveness of the system of internal control. The Internal Audit function is subject to review by External Audit (Ernst & Young) who place reliance on the Internal Audit work carried out on the council's key systems.

6.5 Management Assurance Statements have been completed by the council's 4 Directors and 2 Heads of Service. These have been reviewed collectively by CLT as part of the process for compiling the Annual Governance Statement.

6.6 Review of the Effectiveness of Internal Audit

The Accounts and Audit (Amendment) Regulations 2011 require relevant bodies to review the effectiveness of their system of internal audit at least annually and to report this to their Audit



Committee. A review of the effectiveness of Internal Audit was conducted in 2014/15 and concludes that Internal Audit is effective and complies with the Public Sector Internal Audit Standards.

## **7. Improvements to the Governance Arrangements in the last 12 Months**

- 7.1 The following actions have improved the governance arrangements in Wokingham Borough Council:
- 7.2 Shared Service - Implementation in October 2014 of a shared service for Internal Audit and Investigations with RBWM to provide increased resilience, knowledge sharing and efficiency.
- 7.3 Modern Gov - implementation in February 2015 of an online system to streamline decision making and make it easier for residents to access information.
- 7.4 Bid to join off sponsored Innovation Programme as a vehicle for improvement and improving accountability/transparency and re-defining what is counted a 'good' service quality and not just performance (data).
- 7.5 Development of Project Board into Development Board with a review of attendees. Introduction and set up of Co-ordination Board which aims to co-ordinate council projects in and around the town centre.
- 7.6 Strategic Development Location (SDL) implementation governance has been strengthened.
- 7.7 Actions taken in respect of audits/reviews and response to information security breaches.
- 7.8 Considerable improvements enacted regarding the governance of companies, including: New Group Operating Protocol; New subsidiary reporting template/procedure; Revising Directorship of Holding Company and subsidiaries to reduce conflicts of interest; and More rounded focus on all company issues as opposed to predominantly finance.

## **8. Significant Governance Issues at Wokingham Borough Council**

- 8.1 The significant issues raised during our review of the effectiveness of the governance framework and system of internal control are outlined below:
- 8.2 Three information security breaches of significance that were reported to the Information Commissioner, including one in relation to the Register of Electors. The Information Commissioner's Office confirmed that no action would be taken by them given the work WBC had conducted to alert residents affected and to mitigate any risks arising from the breach.
- 8.3 The Children's Service is undergoing a whole system change as part of our involvement in the Innovation Programme. This change process can create risk which needs to be managed and monitored. While great strides have been made in building a stable WBC employed social work service, turnover at service manager level is still high as the service seeks candidates of the right quality.
- 8.4 Health Integration – the scale of change to the delivery of the council's statutory adult social care through integration with health partners will require new and different governance and

control mechanisms as the council moves to a pure commissioning model. These will be developed as integration progresses.

- 8.5 Health and Wellbeing Board – the function of the Health and Wellbeing Board as a unique committee of the council (incorporating elected members and mandated non-political members) and its relationship to both internal governance and decision making and wider role with other partners for population health requires further definition. This would include decision making, pooled budget governance and the reporting hierarchy with respect to the Council's Executive. Work will be undertaken throughout this year to clarify responsibilities. Given the limited powers and decision making of the HWB there are no (or limited) risk issues, but governance can be confused. HWB's generally are a new innovation and further guidance is awaited from national government on future arrangements.
- 8.6 Retrospective Purchase Orders. The number of retrospective purchase orders remains at a high level and has been impacted by the migration of data into WISER.
- 8.7 Overall, internal controls are robust, although given the issues outlined above there is scope to further strengthen the council's internal control environment and overall assurance framework.
- 8.8 Action plans have been drawn up to address recommendations arising from the external and internal audit reports, findings from inspectorates and issues identified and reported by the Local Government Ombudsman.
- 8.9 Good governance is about running things properly. It is the means by which the council shows it is taking decisions for the good of the people of the borough. Wokingham Borough Council is a learning organisation that is committed to continually improve the quality of services that meet resident's needs.

**Signed:**

**Leader of the Council:** 

**Date:** 1/6/15

**Chief Executive:**



**Date:** 29/5/15

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