

Agenda Item 33.

TITLE	Annual Governance Statement 2022/23 - Update
FOR CONSIDERATION BY	Audit Committee on 27 September 2023
WARD	None Specific
LEAD OFFICER	Chief Executive - Susan Parsonage

OUTCOME / BENEFITS TO THE COMMUNITY

Provides assurance on the Council's governance arrangements including areas where improvement has been identified.

RECOMMENDATION

That the Audit Committee note the progress on the actions identified in the Annual Governance Statement 202/23.

SUMMARY OF REPORT

At its meeting on 7 June 2023, the Committee reviewed the draft Annual Governance Statement (AGS) and considered whether it properly reflected the risk environment and supporting assurances, including the head of internal audit's annual opinion. The AGS concluded that there was good overall assurance of the Council's system of internal control and that the arrangements were fit for purpose in accordance with the governance framework.

In the spirit of continuous improvement and further strengthening governance arrangements, the AGS identified opportunities for further improvement in the following ten areas:

1. Constitution
2. Community Vision
3. Capital Programme
4. Accounts
5. Workforce
6. Member Development and Training
7. Overview & Scrutiny
8. Financial Management
9. Annual Report
10. Audit Committee

The report provides detailed assurance of positive progress in each of the above areas including, for example, the signing of the 2020/21 Statement of Accounts, extensive work with partners and the broader community towards the target of delivering a Community Vision for the borough by summer 2024, and good progress as reported to Personnel Board on workforce initiatives.

The Audit Committee's own improvement plan is on course to be delivered to the agreed timetable with notable completed actions being the appointment of a second independent member of the Committee. A more detailed report on the Audit Committee action plan is due to be considered at the Committee's 7 February 2024 meeting.

Background

- 1.1 Good governance provides a framework to enable an authority to deliver outcomes for its residents and stakeholders, underpinned by appropriate controls and the management of risk. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, with sound and inclusive decision-making and clear accountability for the use of resources.
- 1.2 In order to achieve effective corporate governance, the Council has adopted a local code of corporate governance (the Code) which reflects guidance contained in the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. Full Council agreed the Code at its meeting of 21 July 2023.
- 1.3 The Code, which is set out in the Council's constitution, is built around seven underlying principles of good governance, and demonstrates how the Council's internal processes and governance framework support the delivery of those principles.
- 1.4 The Annual Governance Statement meets statutory requirements to report publicly on the extent to which the Council is complying with its own code of governance and includes:
 - How the effectiveness of governance arrangements has been monitored and evaluated in the year, and
 - Any planned changes and improvements in the coming period.
- 1.5 There is a strong link between governance and financial management, with a focus on sustainability, as the Council needs to recognise its responsibilities not just to its existing stakeholders but to understand the impact of current decisions and actions on future generations.

Analysis of Issues

- 1.6 With the number of high-profile governance failings in the sector it is more important than ever to demonstrate to the Council's stakeholders that it takes governance seriously. The Annual Governance Statement is a culmination of work through 2022/23 to ensure robust governance in the Council.
- 1.7 The latest position on the ten areas for improvement identified in the 2022/23 AGS is set out at Appendix A.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

Good governance is essential to the effective functioning of the Council. Tracking the implementation of the AGS action plan strengthens visibility around governance and should enable the Council to achieve its objectives.

Public Sector Equality Duty

Good governance supports the achievement of the Council's Equality Duties.

Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030

Good governance enables accountability around achieving a carbon neutral Wokingham Borough by 2030

Reasons for considering the report in Part 2

Not applicable.

List of Background Papers

AGS 2022/23

Local Code of Corporate Governance

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Appendix A

2022/23 Annual Governance Statement Action Plan
Status Report - September 2023

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Ref	Area of Focus	Action	Who	Timescale	Status (September 2023)
A.1	Constitution	To undertake a comprehensive review of the Council's constitution.	Assistant Director Governance (Monitoring Officer)	March 2024	The project is in place with the overall approach agreed by the Constitution Review Working Group (CRWG). All members have been invited to submit their views on the priorities for review and a public consultation is scheduled for the autumn. The Local Government Association (LGA) has provided options to the Council as to how they (and also the Centre for Governance & Scrutiny (CfGS)) can support/lead the work over the coming months to provide expert, best practice input. The timeline is challenging which may mean prioritisation of the most important areas for change.
C.1	Community Vision	The Council will work with partners to develop a long-term vision for the Borough.	Assistant Director of HR & OD	July 2024	The project in place with internal and external steering groups established. We are working with partners to develop brand for the work and set up involvement groups to gather feedback from multiple networks across the borough. A general 'catch all' survey is in development with partners and will be launched as part of gathering input from residents. The work is on track for July 2024.
C.2	Capital Programme	To review approach to Capital Programme controls and management.	Assistant Director Finance (Deputy S151 Officer)	March 2024	Work has commenced to review the approach, including through the officer "Gold Capital Controls" process and the Medium-Term Financial Plan (MTFP) bidding process for 2024/25. Detailed sessions with

					departments have taken place in August 2023 and will continue through September.
C.3	Accounts	To work with External Audit to progress the sign off of the Council's Accounts.	Assistant Director Finance (Deputy S151 Officer)	March 2024	The 2020/21 accounts were signed-off on 21 July 2023. Work is progressing on the external audit of the 2021/22 accounts although it is anticipated that Pensions issues will likely again impact final timing. The Committee will be aware of the national intervention that may bring the account closure position up to date across Local Authorities. Consultation will take place in the following months. The Committee will continue to be updated on both the local position and national developments throughout the year. It is unlikely that, without the national intervention, the 2022/23 accounts will be signed off in a timely manner.
E.1	Workforce	Deliver workforce organisational foundation programme.	Assistant Director HR & OD	March 2024	The programme is on track. The People Strategy Principles have been approved by Personnel Board in July 2023 with the draft People Strategy due to be approved by Personnel Board by the end of the year. The HR Policy Review timetable is being progressed and is being reported to Personnel Board.
E.2	Member Development & training	Continue progress on member development programme to attain LGA charter status.	Assistant Director Governance (Monitoring Officer)	May 2024	Member training programme is in place for 2023/24. Further work is progressing in preparing the foundations for seeking LGA Charter Status but it is likely that this will be later in 2024/25.
F.1	Overview & Scrutiny function	Implement recommendations of Centre for Governance & Scrutiny's review of	Assistant Director Governance (Monitoring Officer)	March 2024	There is good progress on implementing the 20 recommendations from the Centre for Governance & Scrutiny report. There is a follow up visit planned by the Centre for November 2023 where the status of the recommendations will then be reported to the Overview & Scrutiny Management Committee.

		current arrangements.			
F.2	Financial Management	To deliver the actions in the Financial Management Improvement Plan.	Assistant Director Finance (Deputy S151 Officer)	March 2024	The plan includes 18 actions to enhance financial management across the Council with a range of implementation dates. There are 8 actions that are due to implemented by the end of September 2023 – a verbal update on these will be provided in the meeting. The remaining ten actions remain on course.
G.1	Annual Report	The Council will publish an Annual Report against the delivery of the Council Plan.	Assistant Director of HR & OD	March 2024	A 2022/23 annual report has been drafted which is scheduled to be published in October 2023.
G.2	Audit Committee	To deliver the Audit Committee improvement actions arising from its February 2023 review of effectiveness.	Assistant Director Governance (Monitoring Officer)	September 2024	Of the 12 actions identified by the review 5 have been completed and the remaining actions are underway. A notable action completed is the appointment of a second independent member of the Committee. The actions around demonstrating compliance with the CIPFA Statement on the Role of Head of Internal Audit has been covered (at least in part) through the independent assessment of the internal audit function against the Public Sector Internal Audit Standards (PSIAS) to be reported to the Committee in September 2023. The review of the Audit Committee Effectiveness for 2023/24 will be reported to the 7 February 2024 meeting and include a detailed review of all the actions identified for this year.