



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **AUDIT COMMITTEE** will be held in David Hicks 1 - Civic Offices, Shute End, Wokingham RG40 1BN on **WEDNESDAY 27 JULY 2022 AT 7.00 PM**

Susan Parsonage
Chief Executive

Published on 19 July 2022

Note: Non-Committee Members and members of the public are welcome to attend the meeting or participate in the meeting virtually, in line with the Council's Constitution. If you wish to participate either in person or virtually via Microsoft Teams, please contact Democratic Services. The meeting can also be watched live using the following link: <https://youtu.be/ijyuGXVcKEw>

Please note that other people may film, record, tweet or blog from this meeting. The use of these images or recordings is not under the Council's control.

Our Vision
<i>A great place to live, learn, work and grow and a great place to do business</i>
Enriching Lives
<ul style="list-style-type: none"> • Champion excellent education and enable our children and young people to achieve their full potential, regardless of their background. • Support our residents to lead happy, healthy lives and provide access to good leisure facilities to enable healthy choices for everyone. • Engage and empower our communities through arts and culture and create a sense of identity for the Borough which people feel part of. • Support growth in our local economy and help to build business.
Providing Safe and Strong Communities
<ul style="list-style-type: none"> • Protect and safeguard our children, young and vulnerable people. • Offer quality care and support, at the right time, to reduce the need for long term care. • Nurture our communities: enabling them to thrive and families to flourish. • Ensure our Borough and communities remain safe for all.
Enjoying a Clean and Green Borough
<ul style="list-style-type: none"> • Play as full a role as possible to achieve a carbon neutral Borough, sustainable for the future. • Protect our Borough, keep it clean and enhance our green areas for people to enjoy. • Reduce our waste, promote re-use, increase recycling and improve biodiversity. • Connect our parks and open spaces with green cycleways.
Delivering the Right Homes in the Right Places
<ul style="list-style-type: none"> • Offer quality, affordable, sustainable homes fit for the future. • Ensure the right infrastructure is in place, early, to support and enable our Borough to grow. • Protect our unique places and preserve our natural environment. • Help with your housing needs and support people, where it is needed most, to live independently in their own homes.
Keeping the Borough Moving
<ul style="list-style-type: none"> • Maintain and improve our roads, footpaths and cycleways. • Tackle traffic congestion and minimise delays and disruptions. • Enable safe and sustainable travel around the Borough with good transport infrastructure. • Promote healthy alternative travel options and support our partners in offering affordable, accessible public transport with good transport links.
Changing the Way We Work for You
<ul style="list-style-type: none"> • Be relentlessly customer focussed. • Work with our partners to provide efficient, effective, joined up services which are focussed around our customers. • Communicate better with customers, owning issues, updating on progress and responding appropriately as well as promoting what is happening in our Borough. • Drive innovative, digital ways of working that will connect our communities, businesses and customers to our services in a way that suits their needs.
Be the Best We Can Be
<ul style="list-style-type: none"> • Be an organisation that values and invests in all our colleagues and is seen as an employer of choice. • Embed a culture that supports ambition, promotes empowerment and develops new ways of working. • Use our governance and scrutiny structures to support a learning and continuous improvement approach to the way we do business. • Be a commercial council that is innovative, whilst being inclusive, in its approach with a clear focus on being financially resilient. • Maximise opportunities to secure funding and investment for the Borough. • Establish a renewed vision for the Borough with clear aspirations.

MEMBERSHIP OF THE AUDIT COMMITTEE

Councillors

Rachel Burgess (Chairman)
Peter Harper
Mike Smith

Maria Gee (Vice-Chairman)
John Kaiser

David Davies
Tahir Maher

ITEM NO.	WARD	SUBJECT	PAGE NO.
13.		APOLOGIES To receive any apologies for absence	
14.	None Specific	MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 27 June 2022.	5 - 10
15.		DECLARATION OF INTEREST To receive any declarations of interest	
16.		PUBLIC QUESTION TIME To answer any public questions A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice. The Council welcomes questions from members of the public about the work of this committee. Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Committee or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to www.wokingham.gov.uk/publicquestions	
17.		MEMBER QUESTION TIME To answer any member questions	
18.	None Specific	FORMAL COMPLAINTS - ANNUAL REPORT SUMMARY 2021/22 To receive a presentation on Formal complaints - annual report summary 2021/22.	11 - 22
19.	None Specific	UPDATE ON 2020-21 STATEMENT OF ACCOUNTS To receive an update on the 2020-21 Statement of Accounts.	Verbal Report
20.	None Specific	WOKINGHAM BOROUGH COUNCIL AUDIT PLANNING REPORT YEAR ENDED 31 MARCH 2022 To receive the Wokingham Borough Council Audit	23 - 42

Planning Report Year ended 31 March 2022.

- | | | | |
|------------|---------------|--|----------------|
| 21. | None Specific | TREASURY MANAGEMENT OUTTURN 2021-22
To consider the Treasury Management Outturn 2021-22. | 43 - 54 |
| 22. | None Specific | ANNUAL GOVERNANCE STATEMENT 2021/22
To consider the Annual Governance Statement 2021/22. | 55 - 76 |
| 23. | None Specific | FORWARD PROGRAMME 2022-23
To consider the forward programme for the remainder of the municipal year. | 77 - 80 |

Any other items which the Chairman decides are urgent

A Supplementary Agenda will be issued by the Chief Executive if there are any other items to consider under this heading

CONTACT OFFICER

Madeleine Shopland
Email
Postal Address

Democratic & Electoral Services Specialist
madeleine.shopland@wokingham.gov.uk
Civic Offices, Shute End, Wokingham, RG40 1BN.

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
HELD ON 27 JUNE 2022 FROM 7.00 PM TO 8.53 PM**

Committee Members Present

Councillors: Rachel Burgess, Maria Gee, David Davies, John Kaiser, Tahir Maher and Mike Smith

Also Present

Graham Cadle, Assistant Director, Finance
Neil Carr, Democratic and Electoral Services Specialist
Graham Ebers, Deputy Chief Executive and Director of Resources and Assets
Helen Thompson, Ernst and Young
Stephan Van Der Merwe, Ernst & Young
Catherine Hickman, Head of Internal Audit and Investigation
Paul Ohsan Ellis, Strategic Development and Commercialisation

1. ELECTION OF CHAIR 2022-23

The Committee elected a Chair for the 2022/23 Municipal Year.

RESOLVED: That Rachel Burgess be elected as Chair of the Committee for the 2022/23 Municipal Year.

2. APPOINTMENT OF VICE CHAIR 2022-23

The Committee appointed a Vice-Chair for the 2022/23 Municipal Year.

RESOLVED: That Maria Gee be appointed as Vice-Chair of the Committee for the 2022/23 Municipal Year.

3. APOLOGIES

An apology for absence was submitted from Peter Harper.

4. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Committee held on 2 February 2022 and the Minutes of the Extraordinary meeting of the Committee held on 30 March 2022, were confirmed as a correct record and signed by the Chair.

Note: As none of the current Committee members attended the meeting on 2 February 2022, it was agreed that former members (still on the Council) be asked to comment on the accuracy of the minutes.

Note: In relation to Minute 56 of the meeting on 2 February 2022 – Independent Member of the Audit Committee, Rachel Burgess asked for an update. It was confirmed that a job description had been developed and the recruitment process was ready to commence. The process was delegated to the Assistant Director, Governance in consultation with the Chair. Updated information would be provided for the Chair.

5. DECLARATION OF INTEREST

There were no declarations of interest.

6. PUBLIC QUESTION TIME

There were no Public questions.

7. MEMBER QUESTION TIME

There were no Member questions.

8. UPDATE ON 2020-21 STATEMENT OF ACCOUNTS

The Committee received an update on the 2020-21 Statement of Accounts.

During the discussion of this item, the following points were made:

- At the meeting on 30 March 2022, the Committee had resolved that the completed 202/21 Accounts be brought back to the Committee once the outstanding issues around pensions and infrastructure assets were resolved.
- Helen Thompson commented on the two outstanding issues relating to the 2020/21 Statement of Accounts. In relation to the pension fund issue, Deloitte's would be issuing a letter in September 2022. On receipt of that letter the auditors would be able to close the issue relating to pension funds. At this point, the draft letter contained a number of caveats.
- In relation to the infrastructure assets issue, CIPFA had undertaken an emergency consultation exercise, the outcome of which was not yet known. It was unclear when this issue would be closed.
- These two issues were frustrating for Members and officers. One was a national issue. The other was a regional issue. All that the Council could do was to seek to influence a speedy resolution.
- Councillor Maher asked if the pension funds issue recurred each year. It was confirmed that new pension fund auditors had been appointed for 2019/20 and had raised a number of objections relating to the pension accounts. This issue had a knock on effect into 2020/21.
- In relation to the new Members on the Committee, the importance of helping them to understand the background and progress made to date was confirmed. At present, there were no new issues to consider apart from the two issues highlighted – pension funds and infrastructure assets.
- Councillor Kaiser noted that, in the last year, WBC had to make increased contributions to the pension fund following a review of some investments, e.g. relating to climate change. Was it likely that there would be further increases in 2022/23? It was confirmed that the Berkshire Treasurers worked closely with the Berkshire Pension Fund. WBC had committed to factor in an additional 1.25% for the life of the current MTFP. This had been agreed by full Council in February 2022.
- Councillor Gee queried why work on the 2021/22 Accounts had not started yet. It was confirmed that a combination of limited work capacity and resource capacity (the lead auditor had resigned) had resulted in a delay. It was important to have a clear timetable for the 2021/22 audit. Work would be starting soon.
- Councillor Burgess queried whether there was a deadline to the publishing of the completed 2020/21 Accounts. It was confirmed that there was no legal deadline. It appeared that around one third of local authorities had not yet published final accounts for 2020/21.

RESOLVED: That the update on the 2020/21 Statement of Accounts be noted and a further update be presented to the Committee's next meeting.

9. RISK MANAGEMENT POLICY AND GUIDANCE

The Committee considered the updated Risk Management Policy and Guidance.

During the discussion of this item, the following points were made:

- Paul Ohsan-Ellis confirmed that the WBC Officer Risk Management Group and the Corporate Leadership Team had reviewed and updated the Risk Management Policy and Guidance. Minor enhancements and clarifications had been highlighted in the document for Member comment.
- John Kaiser commented on the good progress made over the past five years in relation to risk management at WBC. Councillor Kaiser felt, and Members agreed, that Para 5.13 – Risk Management Group – should include a commitment to “share/exchange relevant information with colleagues in other service areas”.
- In relation to para 3.3 of the Guidance, Councillor Kaiser sought clarification on the statement that the Guidance would be reviewed “regularly” by the Audit Committee. Members felt that the previous commitment to an annual review by the Audit Committee was appropriate.
- Councillor Gee referred to paragraph 1.2 of the document which referred to the increasing importance of the document as the Council became less risk averse. Councillor Gee suggested that the policy should be referred to the new Executive and then on to all Members.
- Councillor Maher asked about the training to be provided for staff on the policy. It was confirmed that a training package was being developed for Members and officers.
- Councillor Maher asked for details on the control meetings held within each service area. It was confirmed that the corporate Risk Management Group included representatives from each service area. Risks identified at all levels within service areas were escalated to the appropriate group. Each department had its own risk register.
- Councillor Davies stated that in para 5.7 of the policy, “Assistant Director” should replace 3rd Tier Manager on a consistent basis.
- Councillor Davies referred to page 10 of the guidance document – Stage 4 – Control/Manage – and stated that the name of the officer taking the decision to skip Stage 4 should be recorded.
- Councillor Gee referred to para 5.1 of the policy (assignments and responsibilities) and suggested, and Members agreed, that the phrase “where possible” be removed from the first line.
- Councillor Gee referred to Page 11 of the guidance – (control, accept, transfer or terminate risk). It should be noted that the transfer of risk may actually create new risks, e.g. the Council retained the risk of service failure when transferring services. Members agreed that the phrase “transfer or sharing” of risk be used.
- In relation to Member training, Councillor Davies suggested that training be based on best practice and include key customer journeys. Training sessions could be recorded and made available to all Members. Members queried whether Audit training had been included in the induction package for new Members following the May election.

RESOLVED That:

- 1) the Committee’s comments on the Risk Management Policy and Guidance be incorporated into the documents;
- 2) the Risk Management Policy and Guidance, as amended, be submitted to the Executive with a recommendation for adoption;
- 3) once approved by the Executive, the Risk Management Policy and Guidance be circulated to all Members;

- 4) officers liaise with the Chair on the timing and content of Member training, including induction training for new Members.

10. CORPORATE RISK REGISTER REVIEW

The Committee considered the Corporate Risk Register which had been updated by the officer Risk management Group.

During the discussion of this item, the following points were made:

- Graham Ebers introduced the report which highlighted an overall increase in risk faced by the Council due to:
 - The invasion of Ukraine resulting in additional responsibilities for the Council;
 - Increases in inflation which impacted on the Council's costs and the costs faced by suppliers, businesses and residents;
 - Further clarity on the impact of Health and Social care reforms.
- New risks had been escalated in relation to inward migration to the Borough and the cost of public transport following a reduction in demand linked to the Covid-19 pandemic.
- Councillor Gee referred to the risks relating to Minimum Revenue Provision (MRP). Should this issue be included in the Corporate Risk Register? Graham Ebers commented that MRP was included in the Council's Budget and was addressed in the Chief Financial Officer's annual report, submitted to Council. Under the current rules it was considered that the Council's provision for MRP was adequate.
- Councillor Kaiser enquired about the impact of loans from forward funding of infrastructure. The Government had stated that it did not wish to see unintended consequences from these loans.
- Councillor Smith noted that the Risk Register was a snapshot of the current risks facing the Council. It was confirmed that when a risk reduced below the Council's risk appetite that risk was removed from the register.
- Councillor Maher referred to Risk 5 on the register – Education for Children with SEND. What plans were there for addressing this issue? It was confirmed that a number of initiatives were being considered including Capital investment on a new school for children with special needs. This was a national issue. The Council continued to make its case to the Government for additional flexibilities which could be used to address this challenge.
- Councillor Maher referred to the risks at the top right of the risk matrix (high likelihood/high impact). What were the implications if these risks were not mitigated over time? Graham Ebers confirmed that work was ongoing to address each of the key risks in the register. For example, in relation to Budget and Financial Resilience, work was ongoing all the time to strengthen the Council's operating systems. Unfortunately, variables such as the local government financial settlement could make the challenges facing the Council worse, thereby increasing the level of risk.
- Councillor Burgess referred to Risk 6 – Failure to meet Statutory Duties – and asked why the risk level had increased. Graham Ebers confirmed that this related to the impact of Covid-19 on management capacity to undertake proactive health and safety activity. This was likely to be a short to medium term increase in risk.

RESOLVED: That the report be noted, and the Committee confirm that strategic risks, set out in the Corporate Risk Register, were being actively managed.

11. 2021-22 INTERNAL AUDIT AND INVESTIGATION ANNUAL REPORT

The Committee received the 2021-22 Internal Audit and Investigation Annual Report.

During the discussion of this item, the following points were made:

- Councillor Davies asked about the size of the Internal Audit and Investigation team. It was confirmed that the team was 6.6fte made up of the Head, 4.6 Senior Auditors and an apprentice. Specialist audit work could be procured externally as necessary and the team includes roles for Graduate trainees and Guest Auditors.
- Councillor Burgess asked how the team ensured its independence was maintained. Catherine Hickman stated that the team operated under an Audit Charter that clarified reporting lines and the Head of Internal Audit and Investigation had free and unfettered access to report directly to the S151 Officer, Chief Executive and Chair of the Audit Committee where required.
- Councillor Maher asked if the team was involved in the external audit of the Council. It was confirmed that the International Audit Standards prevented the two teams working together.
- Councillor Maher asked about the process for checking Covid-19 grants and more general grants. It was confirmed that internal audit was involved when the specific grant required certification by the Chief Executive and/or S151 Officer (Deputy Chief Executive), and the Head of Internal Audit and Investigation.
- Councillor Davies asked to see copies of the audit reports. This would be discussed with the Chair of the Audit Committee as part of regular update meetings.
- Councillor Burgess confirmed that any reports agreed to be circulated would be via email.
- Councillor Burgess referred to audits where the management response was outstanding and asked– what assurance was there that the agreed recommendations had been carried out? Catherine Hickman confirmed that a number of recommendations were progress-checked periodically, particularly those classified as being 'high risk'. Councillor Burgess suggested that high-risk recommendations not implemented be reported to the Committee, the process to be discussed outside the meeting.
- Councillor Kaiser asked about auditing of the Council's purchasing and contract letting arrangements. It was confirmed that an audit of client and contract management was included in the 2022/23 audit programme.

RESOLVED: That the 2021/22 Annual Internal Audit and Investigation Report and progress in achieving the 2021/22 Internal Audit and Investigation Plan be noted.

12. FORWARD PROGRAMME 2022-23

The Committee considered the Forward Programme.

During the discussion of this item, the following points were made:

- It was confirmed that the September 2022 Agenda may change depending on progress relating to the Accounts issue.
- Catherine Hickman requested that, due to the short reporting cycle timescale, the Internal Audit and Investigation quarter 1 progress report, scheduled for July, be deferred to the September meeting. Members agreed to defer the item.

RESOLVED: That the Forward Programme, as amended, be noted.

This page is intentionally left blank

Formal Complaints – Annual Report Summary 2021/22

Audit Committee July 2022



Annual Report | Executive Summary

71% of complaints were resolved early without formal escalation to Stage 1.

Deliverables and business context for 2021-22

- Increase in business partnering to review complaints, and identify further support and training
- Adult Social Care (ASC) and Place and Growth (P&G) invested in a complaints resource to support effective complaint management
- A new online complaints form streamlined the way people register a complaint. This has improved how we manage complaints and capture learnings
- Customers rated the handling of complaints as **'good'** in the satisfaction survey
- Complaints are becoming increasingly more complex and challenging:
 - ✓ Complainants use a recent experience of poor service, to relay a number of past and sometimes unrelated issues
 - ✓ Complaints often crossed many services
 - ✓ An increased need to refer complainants to the persistent complainant policy
- Place & Growth received 34% of all complaints, followed by Housing (within P&G), at 29%
- Most complaints resolved at Stage 1 related to inadequate service or poor communication
- Stage 2 escalations centred on unhappiness with an assessment or policy decision

Directorate	Total Formal	Early Resolution
ASC	34	42
Chief Executive Office	0	7
Housing	86	154
Children's Services	68	45
Place & Growth	104	156
Resources & Assets	13	23
TOTALS	305	427

12

What is the learning...

- Clear communication about process and procedures will help to better manage customer expectations, particularly around the limits of the Council's statutory powers
- Knowledge of the complaints policy results in Service ownership and more robust early resolution / Stage 1 responses. This means fewer Stage 2 escalation requests
- Following the complaints process leads to better complaints handling. Copying in numerous colleagues into complaints received by email causes confusion and delays in handling.

Key actions completed 2021/22:

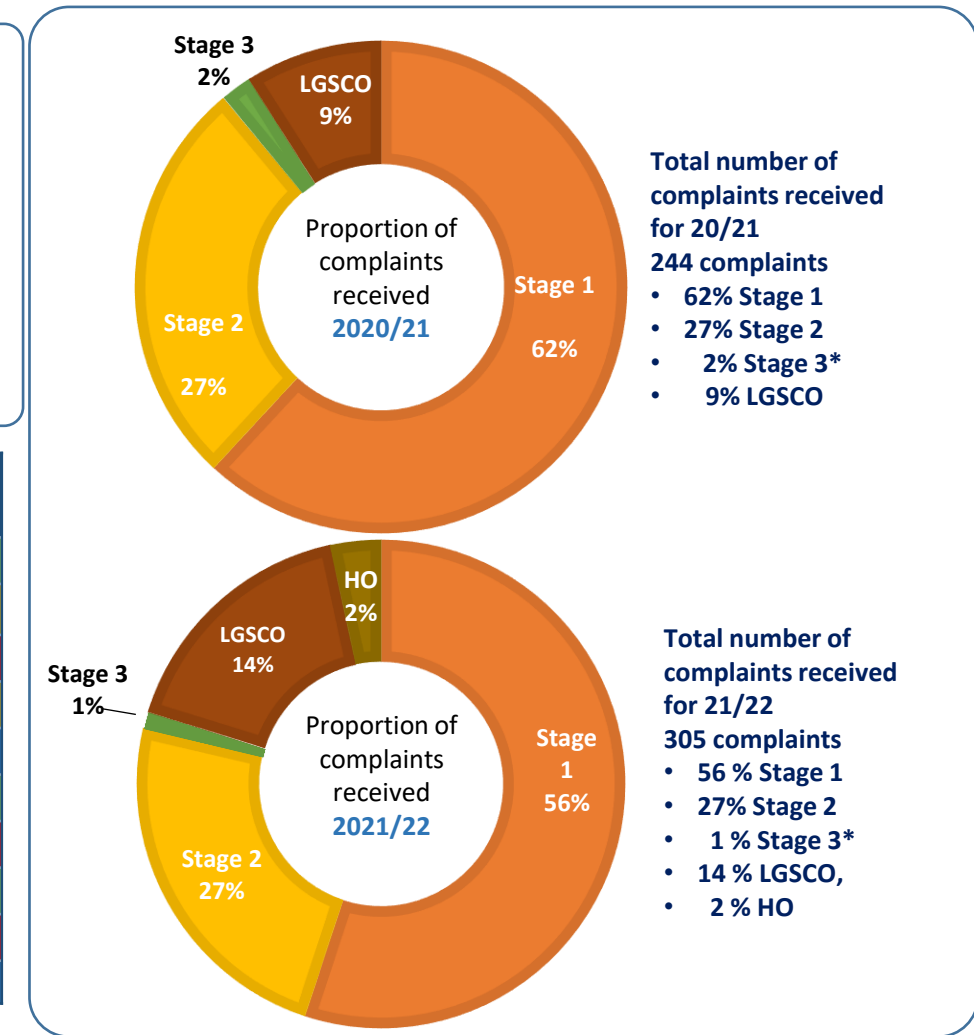
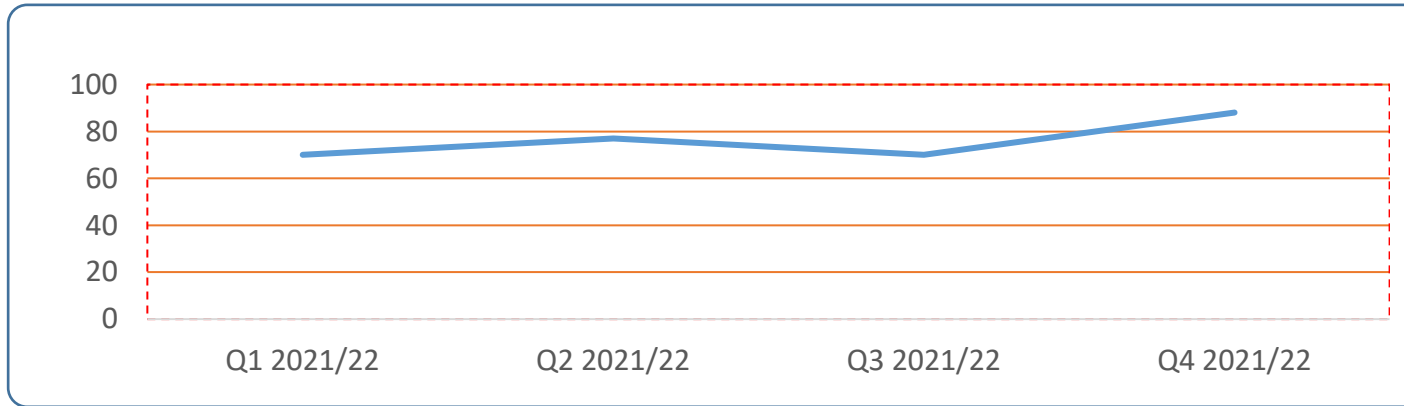
- New online complaints form to better manage and record complaints
- Embedding of pro-active complaints handling
- Recruitment completed to enable better co-ordination of complaint responses
- LGSCO delivering complaints training across directorates
- Design of 3 C's principles (see appendix)

Areas of focus for 2022/23:

- Survey to gather customer/colleague feedback around the 3 C's principles
- Train teams on 3 C's approach, cascade guidance and train quality assessors
- Re-write complaint policy using 3 C's principles
- Work with Children's Services around complaint handling in SEND
- Detailed analysis of impact around the changes proposed by the Housing Ombudsman

Formal Complaints | Volumes

The number of formal complaints handled in 2021/22 was 305 (from 203 individual customers) this was an increase of 61, compared to 2020/21. The rise may have been as a result of customers feeling more confident to submit a complaint, post COVID. The council managed 20 more cases in 2021/22, throughout the year from the Local Government and Social Care Ombudsman (LGSCO). This increase appears to be consistent with other local authority experiences as the LGSCO worked through a backlog of cases.



Period	Stage 1	Stage 2	Stage 3*	LGSCO	Housing Ombudsman	Total	RAG Direction of Travel
Q1 2020/21	20	7	1	3	n/a	31	Green
Q2 2020/21	38	14	1	6	n/a	59	Yellow
Q3 2020/21	45	22	2	9	n/a	78	Red
Q4 2020/21	48	23	1	4	n/a	76	Yellow
Year end 2020/21	151	66	5	22		244	
Q1 2021/22	46	17	1	6	0	70	Green
Q2 2021/22	41	25	0	11	0	77	Red
Q3 2021/22	38	19	0	10	3	70	Green
Q4 2021/22	48	21	1	15	3	88	Red
Year end 2021/22	173	82	2	42	6	305	

*Complaints at Stage 3 only apply to Children's statutory social care

- Of the 203 individual complaint cases submitted in 2021/22, 173 were responded at Stage 1, a rise of 22 cases compared to 2020/21. In the same period, the Council managed an increase in the number of Stage 2 requests from 66 to 82. The Council managed 42 LGSCO inquiries in 2021/22, an increase of 20 cases compared to 2020/21. For context:
 - 3 cases found the Council to be at fault, requiring an apology, financial payment and/or recommended amendments to procedures.
 - 3 cases found the Council to have provided a suitable remedy to the injustice caused, and 1 investigation did not find fault.
 - 21 cases did not merit an investigation and 10 cases are still to be determined. The Housing Ombudsman found fault in 1 case, and has yet to reach a decision on 3 cases.

Formal Complaints | Directorates and service areas

The distribution of complaints was similar in 2020/21, with volumes received for each Directorate remaining very similar.



14

- **34 ASC** complaints were managed throughout the year, 21 at Stage 1, 9 at Stage 2. 4 complaints were received by the LGSCO and 2 were investigated. Most complaints related to quality of service (delays in care assessments), inadequate communication or disputes over how decisions were reached.
- **104 Place and Growth** complaints were managed in the year, 52 at Stage 1 and 39 at Stage 2. Of the 13 LGSCO complaints, most were not investigated because there was insufficient evidence of fault or injustice caused to the complainant. Complaints mainly related to how the Council considered a planning application or managed concerns relating to a building/highway development.
- **13 Resources & Assets** were managed in the year, 6 at Stage 1 and 6 at Stage 2. The LGSCO considered 3 individual complaints and only investigated one, with the decision finding in favour of the Council's decision.
- **68 Children's Services** complaints were managed throughout the year. 47% came from Social Care, a drop from 61% in the previous year. Complaints against the SEND team made up 41%, with the other Corporate complaints related School admissions (3%), Short breaks team (3%) and Education Welfare (6%). The complaints mainly centred on differences of opinion to assessment/application outcomes, delays in assessments and untimely poor communication in responding to concerns.

Complaints Insight | 2021/22



Environment

- The LGSCO improved their Online Complaint Service. They have accelerated the assessment process and the speed decisions are made.
- The Housing maintenance and care sector experienced challenges in recruitment, leading to delays in the completion of tenant repairs and care assessments.
- A rise in public interest of open spaces, trees and landscapes, resulting in a greater focus on the protection of trees.



Ownership

15

- Service Managers and Assistant Directors ownership for complaints in their areas, makes it easier to get complaints to the right person.
- CLT support in cascading messages around the importance of effective complaint handling has resulted in improvements in ownership taking.
- ASC and Place & Growth invested in resources to improve complaint handling and responses.



Customer Expectations

- Some customers confuse a decision they find disagreeable, with poor performance. These complaints make up most Stage 2 escalations.
- Dissatisfaction around the quality of service offered was mainly in relation to Housing maintenance repairs and time taken to resolve issues. Customer Journey mapping sessions have been held to identify improvements, and a plan for action is being created along with timescales.
- Ensuring information is updated on the website and that it is clear, helps to manage customer expectations.

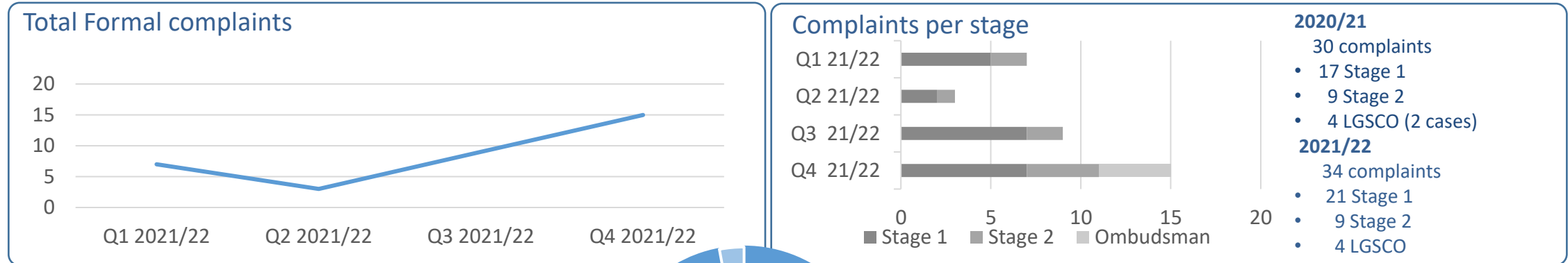


Suggested Improvements

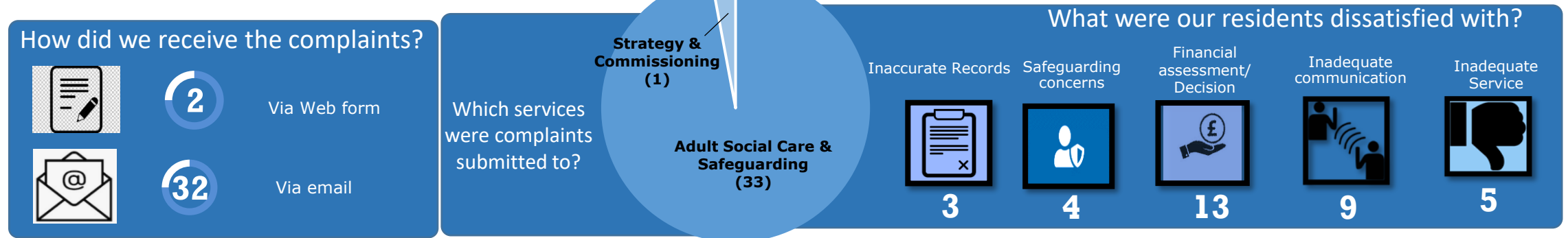
- Training was delivered by the LGSCO in May on effective complaints handling with complaints representatives from all directorates.
- Software was introduced to simplify how we manage complaints. This provided opportunities to streamline and automate processes.
- The 3 C's principles (Care, Clarity, Confidence) were developed and will be launched and embedded throughout 2022/23.

Formal Complaints – ASC

43 complaints were resolved informally. The number of formal complaints managed increased by 4. Out of the 4 LGSCO cases, 2 were not investigated and 2 are still to be determined.



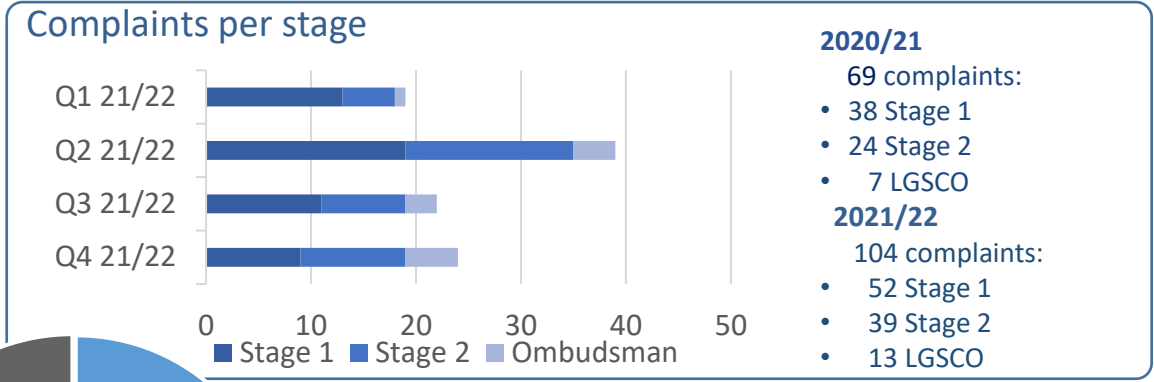
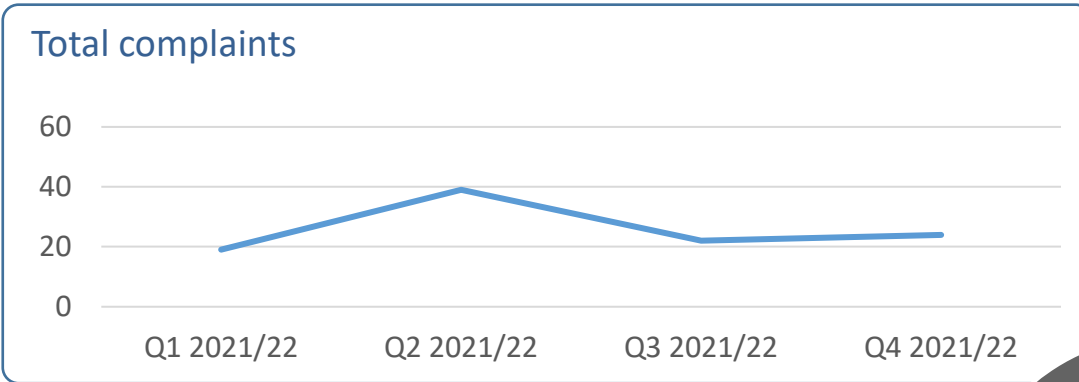
16



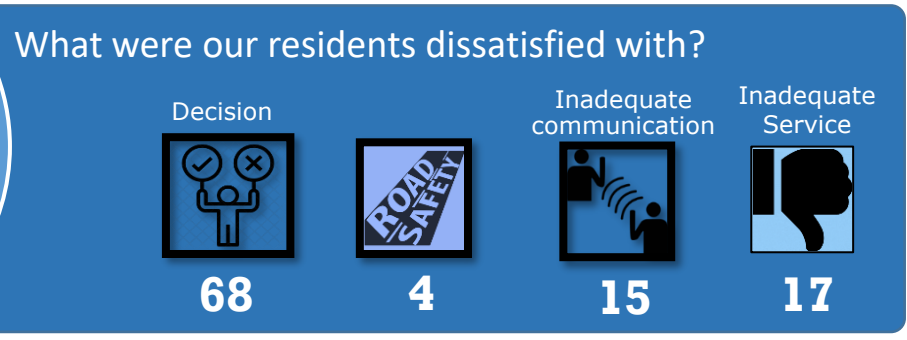
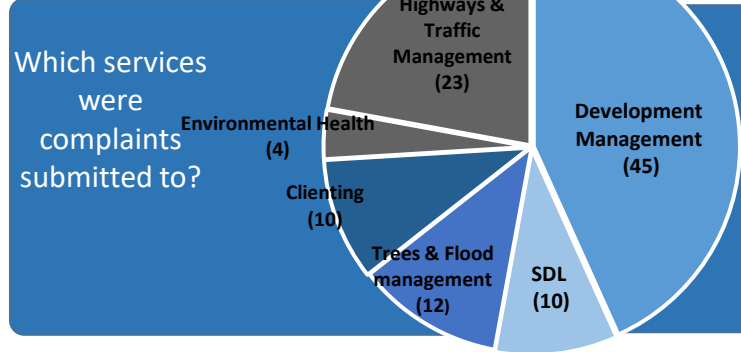
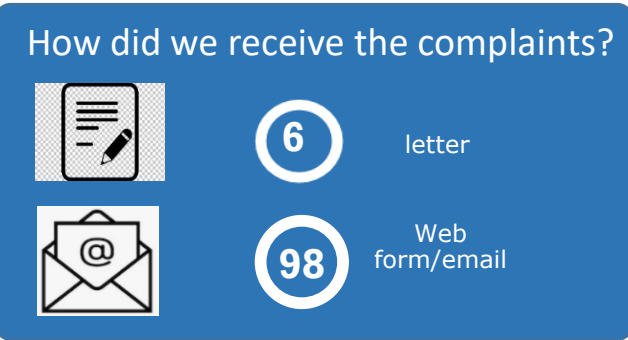
- The Service resolved **42** complaints outside the formal complaints process. There were **21** individual cases.
- Complaints upheld at Early Resolution and Stage 1, related to inadequate service or communication. Those escalated to Stage 2 were mainly a repeat of previous concerns with responses needing a fuller explanation. 2 LGSCO cases were not investigated and another 2 are still to be determined.
- The Service received 2372 telephone calls in the quarter, and of the 58 customers who completed the Gov Metric feedback survey, 66% reported a positive or average experience. Causes for negative feedback concerned lack of communication or having to complain about the service.

Formal Complaints | Place & Growth

156 complaints were resolved informally. The majority of cases centre on a difference of opinion rather than service failure. 12 LGSCO cases were not investigated, and 1 is still to be determined.



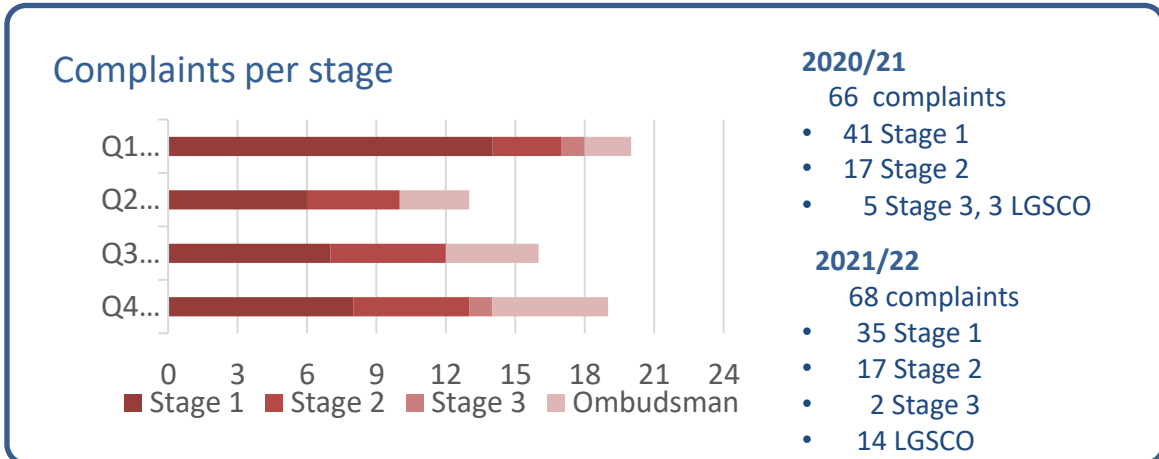
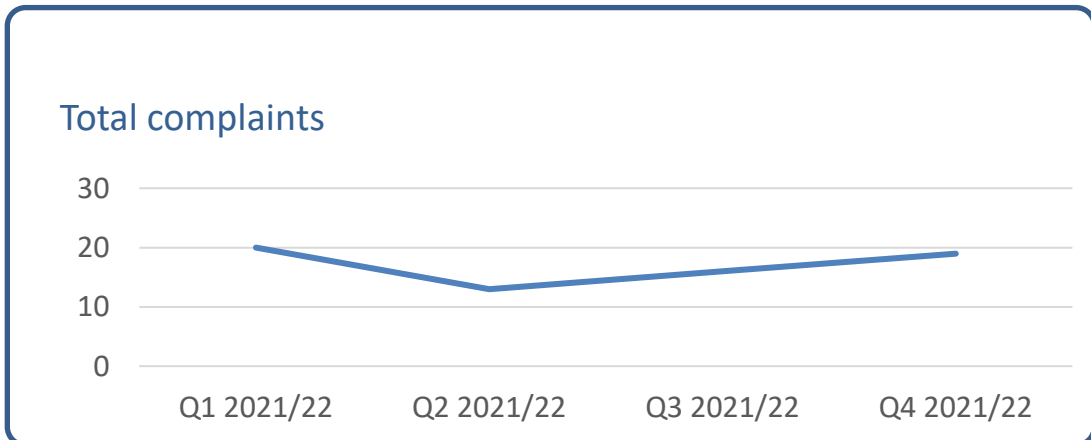
17



- **156** complaints (65% of all complaints received), were resolved outside the formal complaints process. The Service managed **75** individual cases.
- Complaints for Development Management centre on challenges to Planning decisions. Those expressing dissatisfaction to the 4000 planning applications decided annually, remain very low. Over the past year, 26,000 notifications were issued to residents and most complaints were not upheld, as the decision was issued appropriately, and no evidence of fault was found.
- Lack of customer awareness around what Services are responsible for and what customers expect. As a result, the Service is reviewing information published online, to ensure information is clear and in one place.
- As part of the Customer Excellence Programme, Customer Journey mapping sessions are being held to identify where improvements could be made, so customers have a better experiences when interacting with Highways.

Formal Complaints | Children's Services

45 complaints were resolved informally.

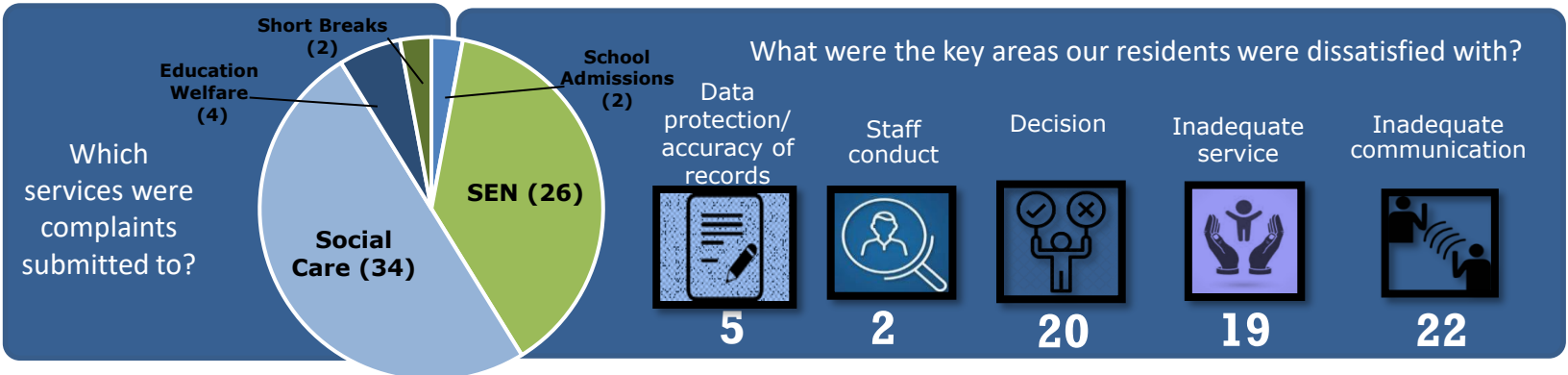


2020/21
66 complaints

- 41 Stage 1
- 17 Stage 2
- 5 Stage 3, 3 LGSCO

2021/22
68 complaints

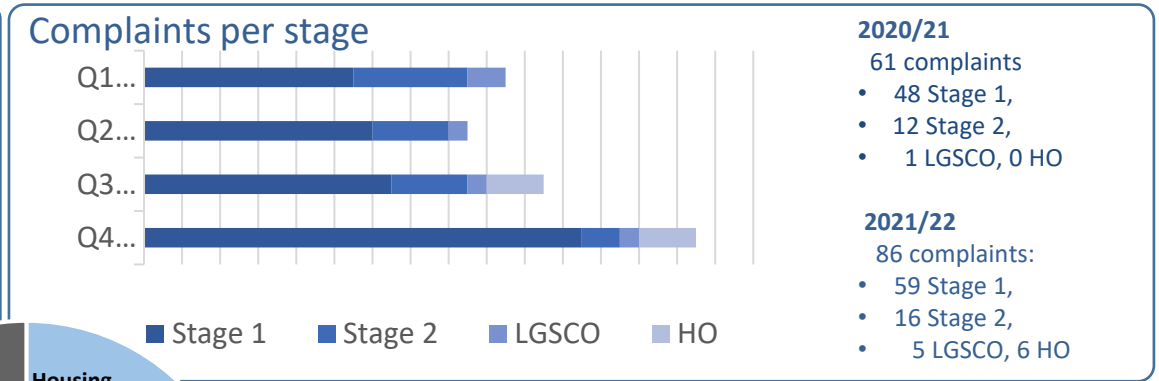
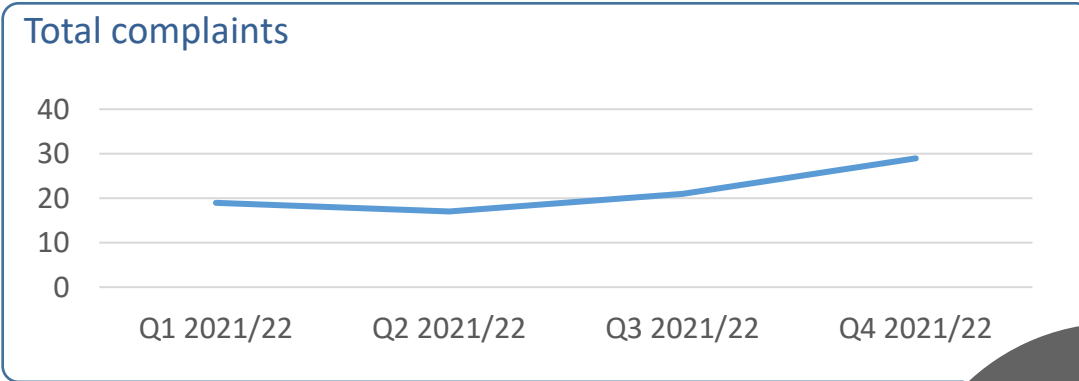
- 35 Stage 1
- 17 Stage 2
- 2 Stage 3
- 14 LGSCO



- 45 complaints (40%) were resolved outside the formal complaints process. The Service managed 41 individual cases (19 SEND, 19 Social Care and 3 additional Corporate cases).
- For Children's Social Care, 2021-'22 has seen an increase in the volumes of cases resolved informally and a decrease of formal stage one cases, due to social care teams' commitment to discussing cases upfront. The numbers of stage two and three escalations have remained consistent with the previous year. There were no 'outliers' in terms of the teams that received complaints, which were evenly spread.
- The nature of cases were mostly in connection to alleged inaccuracies with assessment reports and the decisions reached by social care teams; the low volumes does not highlight any systemic issues.
- Complaints against SEND centre on delays in completion of EHC plans and/or their annual review

Formal Complaints | Housing

154 complaints were resolved informally. The number of formal complaints managed increased by 25. 2 LGSCO cases spanned over several quarters, with one being upheld and another not investigated. Of the 3 Housing Ombudsman cases, spanning over several quarters, 1 was considered premature, and 2 are still to be determined.



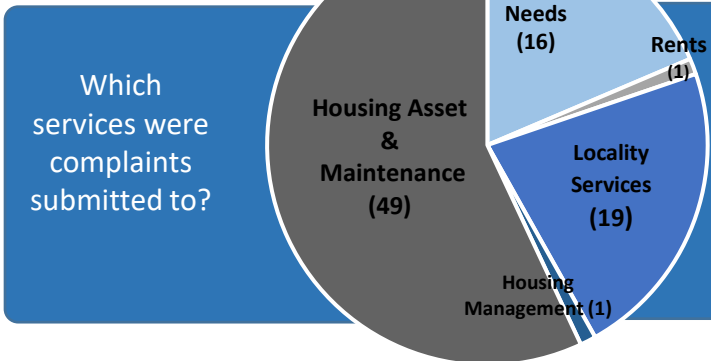
2020/21
61 complaints

- 48 Stage 1,
- 12 Stage 2,
- 1 LGSCO, 0 HO

2021/22
86 complaints:

- 59 Stage 1,
- 16 Stage 2,
- 5 LGSCO, 6 HO

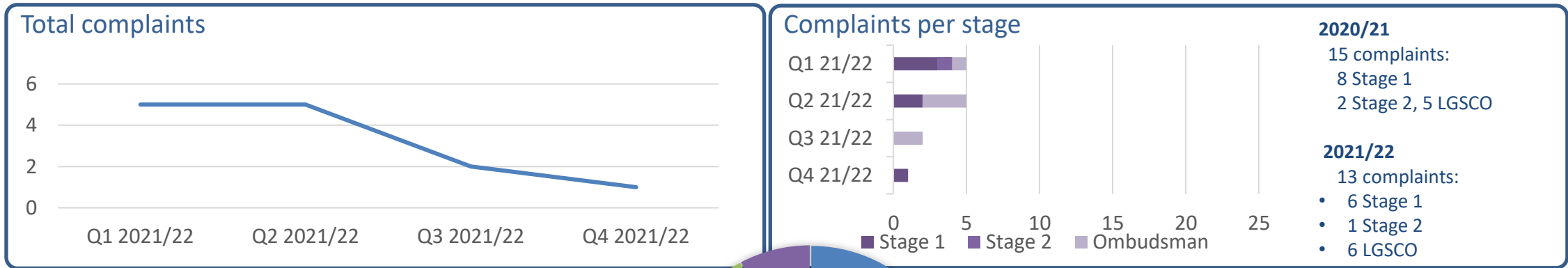
19



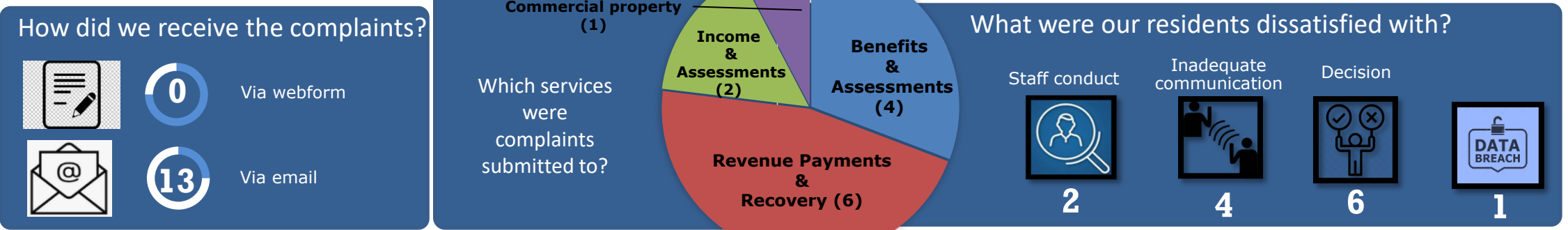
- **154** (64%), were resolved early. There were **60** individual complaint cases.
- Complaints tend to be complex.
- An LGSCO case (received Qtr.4 2020/21) reached a final decision. Fault was identified in how the Council managed a request to review the suitability of accommodation offered to a homelessness applicant. A financial payment was and apology was actioned. The Service also agreed to consider whether it owed the client a statutory housing duty.
- One HO case is under investigation, another case is still being assessed and one was considered premature.
- As part of the Customer Excellence Programme, Customer Journey mapping sessions have been held to identify improvements, and a plan for action is being created to support improvements in customer experiences when interacting with Housing maintenance services.

Formal Complaints | Resources & Assets

23 complaints were resolved informally. The number of formal complaints managed fell by 2. The fall may be attributed with teams better informed about the complaints process. The 3 LGSCO cases spanned over several quarters, with 1 not upheld, another not investigated and 1 considered out of scope.



20



- **23** cases (64%) were resolved outside the formal complaints process. **6** individual cases were formally processed. The LGSCO cases were either not investigated or not upheld.
- In Q1, a Stage 1 Council Tax benefit complaint escalated to Stage 2 but was not investigated further, as it had already been upheld.
- One Ombudsman complaint concerned a decision not to approve a Coronavirus – Tier 4 Business Grant. This was not upheld. Another LGSCO case was not investigated because the complainant had gone to the First Tier Tribunal and no other aspect of the complaint fell within the Ombudsman’s jurisdiction. Similarly, another case was not investigated, because the complaint did not fall within their remit.

CUSTOMER COMPLIMENTS

Thank you and very well done, believe me when I say that you and your team's continued efforts are appreciated by many local residents and users of the Coombes, even if they do not say so directly

October 2021, Development Management

That's great news and really helpful. We look forward to applying for our daughter in the next admission. Thanks

September 2021, School admissions

The young person was so positive about the Social Worker and was now feeling really hopeful about future support. I thought it important that this was passed on....the SG (special guardian) felt really listened to and supported.

September 2021, Children's Services Conifers Team

Thank you for your prompt response to my appeal and also for the action taken by you.

This problem was totally my fault, and I am sorry for the problem it caused. I fully understand why I was issued the notice, as your staff were carrying out their duties correctly

July 2021, Parking Services

I hardly know how to begin to thank you for all your kindness, in the things you provided, in the issues you addressed and your plans to help me in so many ways. I felt quite overwhelmed. It has been a bit of a struggle sometimes, but to speak to someone who not only understood, but who made helpful suggestions, was really great.

January 2022, ASC Brokerage & Professional Support

Our inspections were a pleasant experience. He was both knowledgeable and helpful and a great advocate for Wokingham Borough Council.

February 2022, Building Control

21
Fantastic, always get a smile and they do a fantastic job

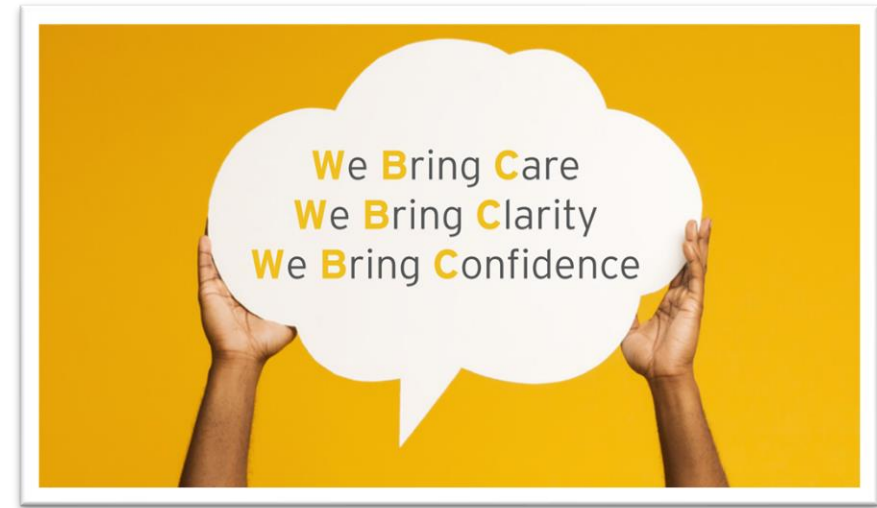
January 2022, Waste crew



APPENDIX | A new approach to communication

We have been working to improve the way we communicate. The 3 C's principles have been designed following staff and customer feedback.

The aim is to bring the human touch back into our communication, particularly when we are responding to complaints.



We Bring Care

22

Did you:

- put their needs first, with the most important information upfront?
- show you know what's important to them and personalise the message where you can?
- write like you would talk to your neighbour, to sound human and warm?

Test the care

Read it out loud. Did it sound like you talking?

We Bring Clarity

Did you:

- use a clear format with headings, bullet points, short paragraphs, short sentences and white space?
- use clear words, with no jargon or technical language? Only use technical terms if you're certain your customer will understand them.
- use clear facts and figures that are as relevant, local and specific as possible to your customer?

Test the clarity

For the general public, aim for 65 or more on the readability test: www.thefirstword.co.uk/readabilitytest

We Bring Confidence

Did you:

- say what we can do, with positive statements and direct calls to action?
- say what you mean and stop there, with no waffle?
- write to you and say who's doing what using *I*, *we* and *they*, or names?

Test the confidence

Think about someone you know. Would they believe this message?



**Wokingham Borough
Council
Audit Planning Report**

Year ended 31 March 2022

July 2022

23

11 July 2022



Wokingham Borough Council
Audit Committee
Civic Offices
Shute End
Wokingham
RG40 1BN

Dear Members

2021/22 Outline Audit Planning Report

We are pleased to attach our outline Audit Plan which sets out how we intend to carry out our responsibilities as auditor.

Its purpose is to provide the Audit Committee with an overview of our plans and fee for the 2021/22 audit. We have not yet completed our detailed planning procedures and any changes to our risk assessment will be communicated to the Committee at the earliest opportunity, or we will circulate the plan separately if Members prefer. This report sets out the areas which we consider will be a focus for our 2021/22 audit.

Our audit is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 27 July 2022 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson

For and on behalf of Ernst & Young LLP

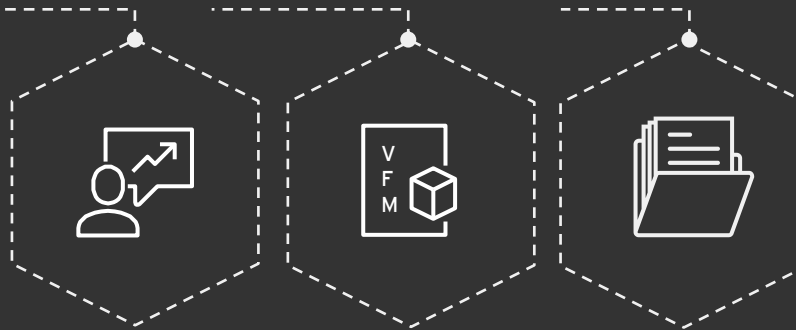
Enc

Contents

01 2021/22 Audit strategy

02 VFM

03 Fee



25

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of the Wokingham Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of the Wokingham Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of the Wokingham Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 2021/22 Audit 

2021/22 Audit

2021/22 financial statements audit

Planning for 2021/22

We have met the Deputy Chief Executive (S151 Officer) and senior finance staff regularly throughout the 2020/21 audit to date to discuss the status and progress of the outstanding 2020/21 issues and to organise our initial planning for the 2021/22 audit that will incorporate learning from the 2020/21 audit.

For 2021/22, the timetable as amended in the Department for Levelling Up, Housing and Communities (DLUHC) paper titled “Measures to improve local audit delays” published in December 2021 extends the publication date for audited local authority accounts from 31 July to 30 November.

Due to the ongoing impact of later deadlines and completion of audits from 2020/21, we have not yet completed our planning for the 2021/22 audit. We set out in this report our initial considerations of the risks for the audit - these are broadly similar to those identified in 2020/21. We will update these risks as our planning progresses and take into account the risks suggested by the NAO in the Auditor Guidance Note 06 - Local Government Audit Planning, which has not yet been released for 2021/22.

Wider public sector audit context

Recognising the increasing pressure on all auditors in the current climate the Department for Levelling Up, Housing and Communities (DLUHC) and CIPFA/LASAAC have both published papers relating to audit firms and timely completion of audits.

DLUHC

The DLUHC paper published in December 2021 recognises that challenges remain around the timeliness of local audit, which was one of the key issues highlighted in the Redmond review. As the National Audit Office (NAO) outlined in its 2020 report Timeliness of local auditor reporting on local government in England, a variety of complex factors are contributing to audit delays. These include:

- Audit firms are struggling with a net loss of qualified staff, with many qualified accountants choosing to leave the audit sector entirely.
- Increasing workload and regulatory pressure on auditors. The NAO found that the additional requirements of new International Financial Reporting Standards (IFRS), along with increased expectations from the Financial Reporting Council (FRC) following high-profile corporate failures such as Carillion and Patisserie Valerie, had combined to produce a significant increase in audit work.

In addition to the challenges faced by auditors, in the face of competing workload pressures, some local authorities have diverted staff resources away from completing working papers and preparing accounts, while the quality of processes within the finance functions of some local authorities has affected their preparedness for audit. These issues, have been exacerbated by the impact of the COVID-19 pandemic.

Considering the complexity of the drivers behind audit delays, it is clear that a whole system response is needed, with local bodies, audit firms, regulatory bodies and code-setters working collectively to implement solutions across the sector. The paper therefore sets out a series of additional measures committed to by government and other key stakeholders to support improved timeliness and the wider local audit market. These commitments are set out in Appendix A.

Overview of our 2021/22 audit strategy

2021/22 financial statements audit

CIPFA/LASAAC

The CIPFA/LASAAC paper explored proposals for change to the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom and the 2022/23 code that might serve to improve current issues around timeliness of the publication of audited financial statements. Two key proposals of this report included:

1. To allow local authorities to pause professional valuations for operational property, plant and equipment for a period of up to two years (though the initial proposal is for the 2021/22 financial year); this approach also explores the use of an index to be used to increase or reduce that valuation; and,
2. To defer the implementation of IFRS 16 Leases (standard) for a further year and not make the planned changes to the 2022/23 code to implement that standard.

The consultation period of this paper has closed and whilst the proposal to defer the implementation of IFRS16 was accepted, the proposal to pause valuations was rejected.

Materiality

Our application of materiality

When establishing our overall audit strategy, we determine the magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole. We have set our planning materiality for the Council at £7,675k, which is based on 2% of gross revenue expenditure reported in the 2020/21 accounts. We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.

Performance materiality has been set at £5,756k, which represents 75% of materiality.

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement and collection fund) greater than £383k. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

These figures will be updated upon receipt of the draft 2021/22 financial statements.

Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error (management override)	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
29 Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We believe the risk of manipulation is most likely to manifest in the incorrect capitalisation of revenue expenditure through either inappropriate additions to Property, Plant and Equipment (PPE) and Investment Property (IP) or incorrect classification of expenditure as Revenue Expenditure Funded from Capital Under Statute (REFCUS), as there is an incentive to reduce expenditure which is funded from Council Tax.
Valuation of Land & Buildings in PPE and IP	Significant risk	No change in risk or focus	The value of land & buildings in PPE and in IP represent significant balances in the Council's accounts and are subject to valuation changes and impairment reviews. Management is required to make a high degree of material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet, covering both those assets that are revalued within the year and the continuing material accuracy of those valued in prior periods. We identified errors in the previous two years' audits which required material adjustments to the reported land and buildings value in both PPE and IP.

Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Accounting treatment for infrastructure assets	Inherent risk	New risk for 2021/22	<p>The value of infrastructure non-current assets is material in the financial statements. Once an item of PPE has been recognised and capitalized, the Council may incur further costs on that asset at a later date. The accounting treatment requires such subsequent expenditure to be capitalized to the value of the asset where these costs meet the recognition criteria. Where the subsequent expenditure represents the replacement of a component, the old component must be written out of the balance sheet. There is a need for the Council to ensure that it has recognised and accounted for such subsequent expenditure appropriately.</p> <p>CIPFA is currently considering potential amendments to the Local Authority Code of Accounting Practice in this area. The level of risk associated with this balance may increase once CIPFA has concluded its consideration of the Code.</p>
Pension Liability Valuation	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Royal Borough of Windsor & Maidenhead, the Berkshire Pension Fund Administrator.</p> <p>The Council's pension fund asset is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>

30

Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
31 Going Concern Disclosure	Inherent risk	No change in risk or focus	<p>There is a presumption that the Council will continue as a going concern for the foreseeable future. However, the Council is required to carry out a going concern assessment that is proportionate to the risks it faces. There is a need for the Council to ensure it's going concern assessment is robust and appropriately comprehensive.</p> <p>The Council is required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular, highlights any uncertainties it has identified.</p>
Accounting for Public Finance Initiative (PFI)	Inherent risk	No change in risk or focus	<p>The PFI liability and associated expenditure represent material figures within the Council's financial statements. The accounting for a PFI scheme involving reliance on historic accounting models and a number of judgements. Errors within the models or changes in judgement can have a material impact on the financial statements. We therefore recognise the PFI scheme as an area of audit focus.</p> <p>There is a risk the Council fails to account properly for the PFI contract. Due to the size and complexity of the PFI and associated transactions, we believe there is a potential to have an impact on the financial statements. In 2018/19, we commissioned a detailed review of the RE3 Waste PFI arrangements for Bracknell, Reading and Wokingham Councils by our PFI specialist. This included a review of the assumptions used in the RE3 PFI accounting model and commenting on local adjustments made to the model. Our work will focus on any changes to estimates within the model and accounting plus future inflation assumptions.</p>

Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Group Accounting	Inherent risk	No change in risk or focus	<p>The Council prepares group accounts which involves consolidating the financial statements of its following four subsidiaries:</p> <ul style="list-style-type: none"> • Optalis Holdings Ltd that provides Adult Social Care Services; • WBC Holdings (WBCH) Ltd that provides social and affordable housing. (WBCH also includes Wokingham Housing Ltd, Loddon Homes Ltd and Berry Brook Homes Ltd as its subsidiaries) <p>These subsidiaries contain accounting entries and balances that can be considered material or significant to the group, and will be classified as either full or specific scope audits.</p> <p>This is consequently an area of potential complexity and judgement requiring regular revision by senior management.</p>

32



33



02

Value for Money Risks





Value for Money

Council responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

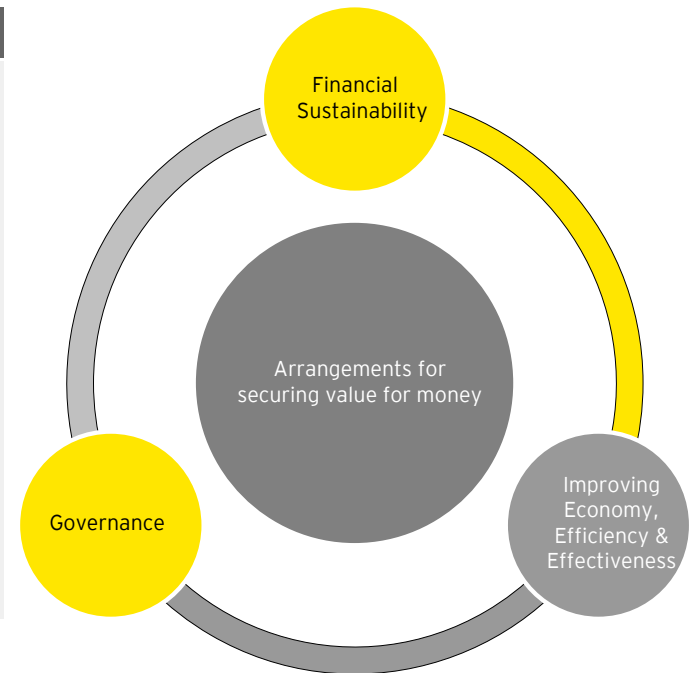
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor responsibilities

Under the NAO Code of Audit Practice we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement;
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies; and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.



Value for Money

Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit Committee.

Reporting on VFM

Where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the commentary on arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Where we have sufficient evidence to determine that there is a significant weakness on VFM related arrangements we are able to report that weakness, and an associated recommendation for improvement, at that time and not wait until we issue our Audit Results Report on the audit of the statement of accounts.

36

Status of our 2021/22 VFM planning

Our assessment for the Council of the risk of significant weaknesses in the arrangements supporting each of the specified reporting criteria has not yet started. Our assessment will focus on a combination of:

- Cumulative audit knowledge and experience.
- Review of Council committee reports,
- Review of other documentary evidence available on the Council's website.
- Consideration of financial and performance reporting and outcomes for the year.
- Regular engagement with Council management.

To date we have not identified a risk of significant weakness from our regular meetings with management or attendance at the Audit Committee.



03

Fees



Fees

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for DLUHC.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2021/22	Final fee 2020/21	Planned fee 2020/21	Final fee 2019/20
	£	£	£	£
PSAA scale fee - Code work	81,325	81,325	81,325	81,325
Scale fee rebasing (Note 1)	73,318	73,318	73,318	
Revised proposed scale fee	154,643	154,643	139,980	
Year fee variation due to additional work from reduced materiality, prior period adjustments, group accounts, going concern, pension valuations, Land & Buildings valuations within PPE & IP, the use of an expert in relation to these Land & Buildings valuations, and data preparation issues. (Note 2)	Nil	TBC	Nil	68,541 (Determination by PSAA) (Note 1)
2020/21 PSAA expected additional minimal core fees (Note 3):	4,400	4,400	4,400	
• ISA 540 accounting estimates (Note 3)				
• VfM commentary (Note 3)	10,000 to 19,000	10,000	10,000 to 19,000	
Total audit related fees	TBC	TBC	TBC	149,866
Non-audit work - Housing benefit subsidy claim	TBC	TBC	51,236 (est)	47,000
Total fees	TBC	TBC	TBC	196,866

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Authority; and
- The Authority has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Notes - Please see next page

All fees exclude VAT



Fees (continued)

Notes to fee table

Note 1 - In order to meet regulatory and compliance audit requirements not present in the market at the time of our most recent bid to PSAA, we assessed that the recurrent cost of additional requirements to carry out our audit should increase by £73,318. This was based on the amount of £58,655 we shared with the Council in 2019/20, uplifted for the 25% increase in PSAA hourly rates. We also submitted a further in-year fee variation of £56,528 as explained in note 2 below for the 2019/20 audit. PSAA has determined the total fee variation across both elements for 2019/20 as £68,541. We expect similar costs in nature in 2020/21 and subsequent years. However, PSAA has stated that this will need to be determined each year.

Note 2 - During 2020/21 we undertook additional work to address specific risks identified. However, as the audit is ongoing, we have not yet calculated an additional fee for discussion. For 2021/22 we expect similar additional work to be performed.

Note 3 - PSAA communicated a range of fees in August 2021 for the new requirements of the 2020 Code of Audit Practice, and the revised International Standard of Auditing 540 on Estimates. In the absence of further information, we have rolled these ranges forward for 2021/22.



40

04

Appendices



Appendix A

Department for Levelling Up, Housing and Communities - Measures to improve local audit delays

The following commitments are made within the Department for Levelling Up, Housing and Communities paper titled- Measures to improve local audit delays:

1. FRC to publish updated Key Audit Partner (KAP) guidance by spring 2022, including new routes for an experienced Registered Individual to become a KAP;
2. Work with CIPFA to further develop the proposal for a new local audit training diploma in local government financial reporting and management aimed at different levels of auditor, and a new technical advisory service that could provide support to firms, and in particular new entrants;
3. DLUHC to provide further funding of £45 million over the course of next Spending Review period to support local bodies with the costs of strengthening their financial reporting, new burdens related to appointment of independent members and other Redmond recommendations and increased auditing requirements;
4. CIPFA to publish strengthened guidance on audit committees by April 2022. The guidance will emphasise the role that audit committees should have in ensuring accounts are prepared to a high standard, alongside broader changes including appointment of independent members. Following consultation, consider making the guidance, committees and the independent member statutory;
5. DLUHC to provide via the Local Government Association sector grant for a number of targeted training events for audit committee chairs;
6. NAO rolling over of amendments to 20/21 AGN 03 and 07 to allow for altering the timing of elements on the VfM arrangements work and enable more focus on fully delivering opinions on the financial statements;
7. CIPFA/LASAAC is undertaking a project to improve the presentation of local authority accounts to inform the development of the 22/23 Accounting Code and comply with IFRS and statutory accounting principles HMT to undertake thematic review of financial reporting valuations for non-investment properties to inform development of the Accounting Code from 22/23 onwards;
8. The government has asked CIPFA/LASAAC to consider the merits of a time-limited change to the Accounting Code for 21/22;
9. Delaying implementation of standardised statements and associated audit requirements;
10. PSAA to progress their proposed procurement strategy for the next round of local audit contracts from 2023/24;
11. Extending the deadline for publishing audited local authority accounts to 30 November 2022 for 21/22 accounts, then 30 September for 6 years, beginning with the 22/23 accounts;
12. NAO to prepare for a re-laying of the Code of Audit Practice 2020 in parliament, so that it will apply for the whole of the next appointing period; and,
13. Developing an industry-led workforce strategy, working with the system leader and audit firms, to consider the future pipeline of local audits, and associated questions related to training and qualifications.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2019 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com

TITLE	Treasury Management Outturn 2021-22
FOR CONSIDERATION BY	Audit Committee on 27 July 2022
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

To demonstrate that the Council's treasury function has effectively managed the Council's debt and cash balances to support the funding of the delivery of the Council's key priorities.

RECOMMENDATION

The Audit Committee is asked to support the Treasury Management Outturn Report 2021/22 and recommend it to Council and note:

- 1) that all approved indicators set out in the Treasury Management Strategy have been adhered to;
- 2) the contents of "Table A", as set out in the report, which shows the net benefit per council tax band D equivalent, from the income generated less the financing costs on all borrowing to date equates to £22.25 per band D for 2021/22. This credit provides income to the Council to invest in its priority services.
- 3) As at the end of March 2022, the total external general fund debt was £196m, which reduces to £72m after taking into account cash balances (net indebtedness).
- 4) the Council's realisable asset value of approximately £443m, of which its commercial assets are estimated at approximately £249m.

SUMMARY OF REPORT

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2021/22, the minimum treasury reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 18/02/2021)
- a mid-year, treasury update report (Council 20/01/2022)
- an annual review following the end of the year, (this report)

This report provides a summary of the Treasury Management operations during the financial year of 2021/22. It is presented for the purpose of monitoring and review, in accordance with Council's treasury management practices. The Council adhered to all agreed prudential indicators. This includes ensuring the necessary liquidity to deliver on the day-to-day operations of the Council. There are two aspects of treasury performance:

debt management which relates to the Council's borrowing and cash investment which relates to the investment of cash balances.

Key highlights to note are;

- All approved indicators set out in the Treasury Management Strategy have been adhered to.
- The annual benefit from the income generated less the financing costs on all borrowing to date equates to £22.25 per council tax band D property for 2021/22. This benefit is reinvested into supporting Council wide services. This is a reduction from the position projected in the mid year report due to additional minimum revenue provision (MRP) paid on Wokingham Town Centre. Furthermore, there were reductions in income contributions from loans to subsidiaries and commercial investments. Another impact from a reduction in these investments is a reduced level of borrowing and a lower capital financing requirement (CFR). This can also reduce the borrowing risk of the Council.
- Net indebtedness after cash balances is £72m at end of March 2022.
- The average interest rate of external borrowing is 1.52%.

A detailed breakdown of the Council's performance in these areas is summarised below.

Prudential Indicators Debt and Investment

During the 2021/22 financial year, the Council have adhered to all of its prudential indicators and is also on target to meet these for the full year position.

Highlights to note are;

- Authorised and operational boundary levels were kept within the limits set out in the treasury management strategy. This is because the capital financing requirement (CFR) was lower than expected due to re-profiling of capital expenditure to later financial years.
- General fund external borrowing was significantly lower than expected as a result of the reprofiling of spend. Furthermore, due to strong cash balances of the Council, a greater amount of capital expenditure could be supported through internal borrowing. The percentage of internal borrowing to CFR is 44%. This has increased from the mid year position due to working capital and reserve balances offsetting the need for external borrowing in the short to medium term. A balance this high is not uncommon in local authorities that have strong cash balances. Holding high external debt at the same as holding high cash balances can result in additional interest costs payable. The ratio of external and internal borrowing is kept under review as part of the treasury management monitoring.
- Ratio of net financing costs were minus 0.46% which means that all capital financing costs (debt repayment and interest) are fully covered by income generated from treasury investments and housing, local economy and regeneration assets. As a consequence, there is a surplus available to the council taxpayer after funding all capital financing costs

The table summarises the prudential indicators, comparing the limits set in the strategy and the forecast position at outturn (31 March 2022).

Prudential indicators:	Strategy	Mid-Year	Outturn
	£m	£m	£m
<u>Limits</u>			
Authorised limit (Note – CFR * 120%)	£729m	£641m	£562m
Operational Boundary (Note – CFR *110%)	£677m	£588m	£515m
<u>Performance Indicators</u>			
Capital financing requirement – General Fund (GF)	£529m	£456m	£388m
Capital financing requirement – HRA	£84m	£79m	£80m
Gross external borrowing – GF	£358m	£266m	£196m
Gross external borrowing – HRA	£69m	£68m	£67m
% of internal borrowing to CFR (GF + HRA)	29%	38%	44%
Ratio of net financing costs to net revenue stream – GF	1.00%	-1.03%	-0.46%
Ratio of net financing costs to net revenue stream – HRA	16.52%	14.96%	17.09%
<u>Prudence</u>			
Maturity structure of borrowing	See table in report under heading “Maturity structure of borrowing”		

Council’s Net Indebtedness

Net indebtedness represents the underlying debt position the Council holds. The table below shows how this is calculated and includes three key areas in reference to debt;

- Capital financing requirement (CFR) - A technical calculation of historic capital expenditure less that already paid for, required to arrive at the annual level of debt repayment.
- External debt – this is the actual amount borrowed with third parties. The difference between CFR and external debt is referred to as internal borrowing.
- Net indebtedness – this is external debt less treasury (i.e. liquid) investment balances. It is important that these are considered together as treasury investments could be used to repay external debt.

It is important to consider investment balances when looking at debt levels. One of the roles of the treasury management function is to manage the net treasury position. This allows a greater understanding of treasury risks resulting from holding debt and investment portfolios at the same time and as such net indebtedness brings this both together and helps address this.

	Strategy £m	Mid-Year £m	Outturn £m
General fund – capital financing requirement	£529m	£456m	£388m
<u>Less</u> internal funded borrowing	(£171m)	(£190m)	(£192m)
External debt total	£358m	£266m	£196m
<u>Less</u> cash investment balances	(£93m)	(£89m)	(£124m)
Net Indebtedness Total	£265m	£177m	£72m

As at 31st March 2022, total external borrowing for the general fund was £196m and treasury investments were £124m resulting in net indebtedness of £72m. The HRA borrowing is excluded from this calculation as it is a ringfenced account with external borrowing funded from housing tenants.

As set out in the treasury management strategy, net indebtedness was estimated to be £265m for 2021/22. The mid-year net indebtedness position was forecast at £177m. This has reduced further with the outturn of £72m. This is driven largely by savings and reprofiling in the capital programme, moving expenditure back to later years. Further information on the capital outturn position can be found in the public reports for June 2022 Executive (available on the Councils website).

Cash investment balances at the end of the financial year are £124m, which is better than the estimate of £93m set out in the strategy. The Council saw an increase in cash balances as at the end of March '22 from areas such as revenue grants and developer contributions.

The movements in the Council's external debt through 2021/22, are shown in table below.

	Opening @ 01/04/2021 £m	New Borrowing £m	Repayments of Borrowing £m	Closing @ 31/03/2022 £m
General Fund	£458m	£99m	(£361m)	£196m
Housing Revenue Account	£71m	£0m	(£4m)	£67m

Total	£529m	£99m	(£365m)	£263m
--------------	--------------	-------------	----------------	--------------

The Council saw a large amount of external debt repaid during 2021/22. As highlighted in the mid year report, a large amount of this repayment was expected however the amount in the table above is higher than the mid year report due to, when short term debt was repaid, no new debt was taken on.

Cost of Financing Debt

The table below shows the gross financing costs of servicing the external debt. Gross financing costs reflect the annual interest costs payable and an amount for Minimum Revenue Provision (MRP). To understand the true cost of this, it is important to take into account the income from treasury investments, contributions from ‘invest to save’ schemes, income from investment / commercial properties which all contribute to reducing the annual cost of this financing. Furthermore, for completeness and transparency the table has been extended to show additional income the Council receives from our assets which contributes towards the funding of key services the Council provide. This is the income over and above the amount used to contribute towards the financing costs of the borrowing.

Taking these factors into account, for the general fund the net annual benefit from the income generated less the financing costs on all borrowing to date equates to £22.25 per council tax band D property for 2021/22 as set out below.

TABLE A

	Mid-Year	Outturn
	£,000	£,000
General Fund – Financing Cost (Interest and MRP debt repayment)	£8,593	£8,827
<u>Less</u> contributions towards financing costs from following areas:		
- Treasury investments	(£1,333)	(£1,616)
- Invest to save schemes	(£1,163)	(£849)
- Housing, Local Economy and Regeneration	(£7,462)	(£6,977)
	(£9,958)	(£9,442)
Net Annual Financing Cost	(£1,365)	(£615)
<u>Include</u> additional income over and above the contributions shown above:		
- Commercial investments	(£1,319)	(£1,016)
Net Annual <u>Benefit</u> to the taxpayer	(£2,684)	(£1,631)

Net Annual Benefit £,000	(£2,684)	(£1,631)
Divide by Council Tax Base (no. of band D equivalent properties)	73,297	73,297
Benefit per band D property - £	£36.62	£22.25

Asset Value

Whilst it is important to understand the net borrowing for the Council, it is also essential to consider the asset value that this borrowing generates as part of the Council's capital programme. Using the value of assets from our draft annual accounts, the estimated asset value for the Council is c£1 billion at 31st March 2022. Realisable asset value is based on annual accounts valuation and any individual disposal would seek to maximise the receipt to the Council at the time of sale.

With regards to accounting for revaluation losses, the Council follows the statutory accounting requirements under the CIPFA code of practice on local authority accounting which requires any revaluation losses to be charged to the revaluation reserve, if previous revaluation gains are held. Any excess revaluation losses above previous gains are then charged to the comprehensive income and expenditure account. Under the statutory accounting requirements, these charges are reversed out and charged to the capital adjustment account. This ensures any transactions associated with the capital accounting framework, other than interest and MRP are not charged to the general fund and do not impact on the local taxpayer. For this reason, any revaluation losses (and gains) are therefore not shown in the table A above.

	£m	£m
Asset Value as per balance sheet 31 March 2022*		1,010
<i>Less:</i>		
Highways & Transport assets	302	
Schools' assets	254	
Other non-realizable assets	10	
		567
Value of realisable assets		443
Of which are;		
Operational Assets		194
Commercial Assets		249
- Wokingham Town Centre	116	
- Community Investment Group	77	
- Housing Companies	56	

* Note – the asset value as per the balance sheet is an estimated balance based on latest financial accounts however does not include any asset revaluations for 2021/22 as these valuations were not available at the time of the report.

Asset Ratio

Taking the value of realisable assets and dividing by the external debt or net indebtedness gives a good indication of the debt cover our assets provide.

- Asset cover* to External Debt – 2.24:1
- Realisable Non Current Assets cover to Net Indebtedness – 3.43:1

*Asset cover = value of realisable assets plus cash investment balances.

Investment of Cash Balances

Cash flow balances vary significantly throughout the year due to differences in timing of income (council tax, developer contributions, grants, etc.) and timing of expenditure (running costs - revenue, and investment in assets and services – capital). During times when the council holds cash balances, investments will be made based on security, liquidity, and yield (in this order). Due to the uncertainty around Covid-19, whilst the council have been fortunate with the cashflow support from central government (e.g. grants paid earlier than planned) over the past year, more investments were made on a short term and secure basis across. This has ensured the liquidity is available to meet Covid-19 pressures however has meant returns on investments are lower due to the duration of the investment and lower risk counterparties (e.g. lending to other local authorities).

The table below shows the Council's investments by type, including performance and year-end balance.

	Average Invested	Interest Received	Average rate of return	31 st March 2022 Balance
	£m	£m	%	£m
Housing, Local Economy & Regeneration	£119.9m	£2.8m	2.34%	£115.6m
Treasury Investments				
- Fund Managers	£0.7m	£0.01m	0.23%	£0.7m
- Local Authorities	£28.4m	£0.01m	0.06%	£27.4m
- Money Markets	£236.3m	£0.8m	0.33%	£95.0m
Total	£385.3m	£3.62m	0.95%	£238.7m

Peak Debt and Capital Financing Requirement (CFR)

As highlighted previously, the Council continue to invest significant amounts into the capital programme generating assets such as roads, schools, housing, regeneration properties and many more. The graph below sets out the expected repayment of this debt as well as the asset value generated.

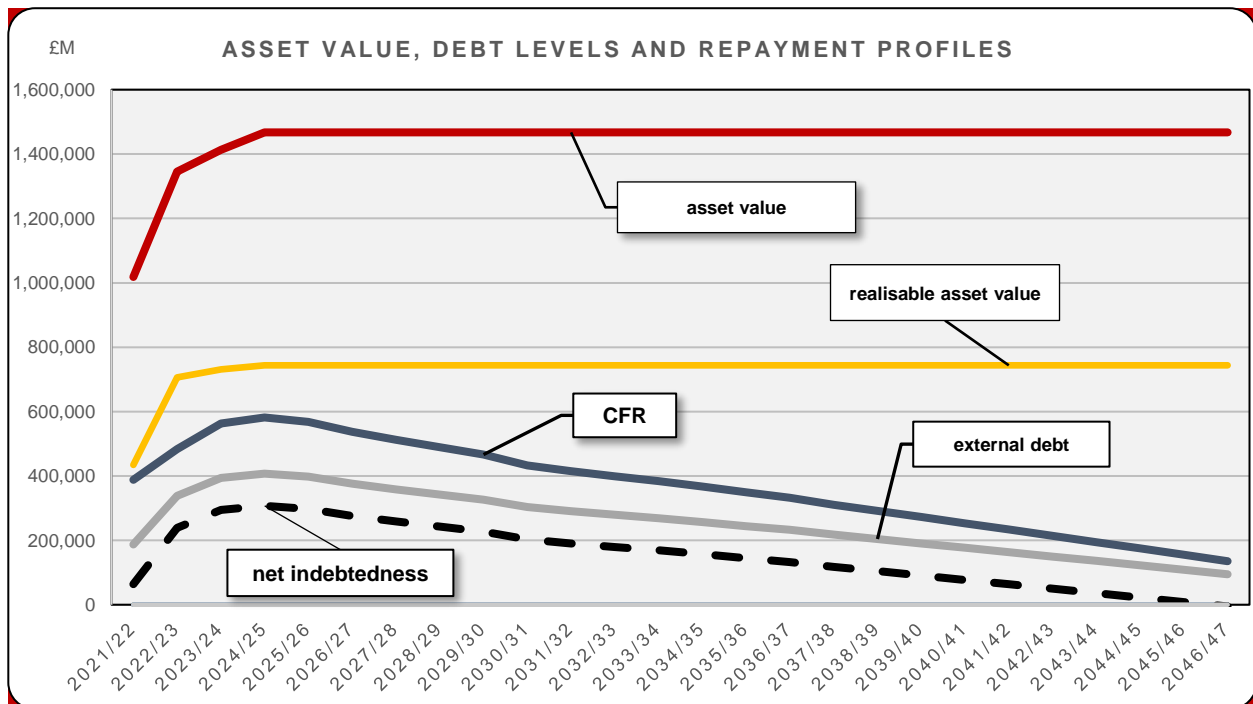
The graph includes three key lines in reference to debt;

- Capital financing requirement (CFR) - A technical calculation of historic capital expenditure less that already paid for, required to arrive at the annual level of debt repayment.
- External debt – this is the actual amount borrowed with third parties. The difference between CFR and external debt is referred to as internal borrowing.
- Net indebtedness – this is external debt less treasury (i.e. liquid) investment balances. It is important that these are considered together as treasury investments could be used to repay external debt.

The Council are expecting debt to rise over the next three years in line with the capital programme and then it is expected to reduce over time as income is generated from these projects and cost savings are realised.

CFR and external debt will reduce as borrowings are repaid through income and will reach a point in time when debt is fully repaid, and the ongoing income will be transferred to benefit the general fund.

The graph is based on general fund only and excludes HRA as this is ringfenced. The original CFR levels before commercialisation, forward funding and regeneration projects were approximately £100m.



After the first three years, the expectation is that the CFR, external debt and net indebtedness will start to reduce as repayments of borrowing start to increase, capital receipts and developer funding are received.

Following recent changes to the treasury management code of practice, local authorities will be required to produce a liability benchmark graph which measures the Council's future liabilities in relation to loans and capital expenditure repayment. This new requirement is similar to the graph above which the Council have been monitoring for a number of years. The new liability benchmark will focus on existing loan debt outstanding, the CFR, net loans requirement (net indebtedness) and gross loans requirement. The Council will present the liability benchmark as part of the treasury management strategy for 2023/24.

The asset value used in the graph above are calculated using the total asset value from the Council's balance sheet, and an estimate of capital expenditure over the next three years. This is a prudent approach to asset value as it would be expected that asset value would also increase over time.

Capital Financing Requirement

An important part of the treasury management strategy is to highlight the level of borrowing need. This is known as the capital financing requirement (CFR) and is an accounting concept which monitors how much capital expenditure has been incurred but not yet paid for.

A major source of funding for the Council's capital programme is borrowing. This is described in two forms, supported borrowing and general fund borrowing. A significant part of the Council's capital programme is either self-financing or makes a surplus where the income generated is greater than the cost of financing and therefore is available to fund other council services. These are referred to as "supported borrowing". General fund borrowing is funded through existing base budget and supports general investment to maintain Council assets and continue to provide services to customers and residents.

A summary of the general fund CFR position at the end of March 2022 is shown below. This has been split into supported borrowing and general fund borrowing.

2021/22	Supported Borrowing	General Fund Borrowing	Total
	£m	£m	£m
Opening balance	269	101	370
Expenditure in year	40	4	44
Repayments in year	(22)	(4)	(26)
Closing balance	287	101	388

It is important to note that the CFR balance does not reflect the level of debt the Council holds. Where the Council hold surplus balances such as reserves, unspent grants and working capital, this avoids the need to borrow externally saving on interest costs. This is known as internal borrowing. Furthermore, it is important to take into account any treasury investment balances when looking at external debt to understand a more accurate debt figure.

The housing revenue account also has a CFR which is ringfenced and repaid through tenants rental income. The CFR for the HRA as at 31st March 2022 was £80m.

Maturity Structure of Borrowing

The Council will aim to match the maturity structure of borrowing with the expected profile of when income will come in to repay borrowing. This helps ensure the Council will not hold borrowing for longer than needed.

The table below shows the current maturity structure of borrowing as at 31 March 2022.

	31 March 2022
External Borrowing (GF + HRA)	£m
Less than 1 year	122
Between 1 and 2 years	19
Between 2 and 5 years	13
Between 5 and 10 years	26
Between 10 and 15 years	39
Between 15 and 20 years	0
Between 20 and 25 years	1
Between 25 and 30 years	3
More than 30 years	40
Total	263

Note: Less than a year borrowing will be replaced with a mixture of new external debt and internal borrowing. The treasury service through the use of its cashflow constantly review its debt and will endeavour to get the best rates available while looking at the long and short term picture of anticipated receipts and payments. The Council will also work with our treasury management external advisors to support us in making the most informed decisions with regards to future borrowing.

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)	See other financial information	Yes	Revenue
Next Financial Year (Year 2)	To be confirmed	Yes	Revenue
Following Financial Year (Year 3)	To be confirmed	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

- net benefit per council taxpayer, from the income generated less the financing costs on all borrowing to date equates to £22.25. This income is used by the Council to continue to provide priority services for the borough residents.
- total external general fund debt is £196m and the Council's net indebtedness after cash balances is £72m.
- the Council's realisable asset value of £443m, of which its commercial assets is estimated at £249m.

Cross-Council Implications

None

Public Sector Equality Duty

N/A – this paper is reporting past financial information

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

N/A

Reasons for considering the report in Part 2

N/A

List of Background Papers

None

Contact Mark Thompson	Service Business Services
Telephone No Tel: 0118 974 6555	Email mark.thompson@wokingham.gov.uk

This page is intentionally left blank

TITLE	Annual Governance Statement 2021/22
FOR CONSIDERATION BY	Audit Committee on 27 July 2022
WARD	None Specific
LEAD OFFICER	Chief Executive - Susan Parsonage

OUTCOME / BENEFITS TO THE COMMUNITY

Assurance to residents and other stakeholders on the Council's governance arrangements.

RECOMMENDATION

To consider the draft Annual Governance Statement attached at Appendix A for recommendation to the Leader and Chief Executive and subsequent publication with the 2021/22 Statement of Accounts.

SUMMARY OF REPORT

All local authorities are required to undertake, at least annually, a review of the effectiveness of their system of internal control and to report on this review alongside the Statement of Accounts. This review is set out in the Annual Governance Statement which explains how Wokingham Borough Council has complied with its own governance framework and identifies any areas for improvement.

The Annual Governance Statement set out at Appendix A provides a review of the effectiveness of the Council's system of internal control and governance framework alongside an action plan for improvements. The review demonstrates that a sound system of control has been in place for the financial year 2021/22. The Committee is asked to consider the draft Statement and approve its submission for sign off by the Leader of the Council and the Chief Executive, as required by the Accounts and Audit Regulations 2015.

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.
- 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 should include:
 - How the effectiveness of governance arrangements has been monitored and evaluated in the year, and
 - Any planned changes 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

- 2.1 The Draft Annual Governance Statement is set out at Appendix A.
- 2.2 The Statement relates to the governance systems in place for the financial year 2021/22 but should also reflect any significant developments to the governance system up to the date that the Responsible Financial Officer signs the Statement of Accounts.
- 2.3 The Statement describes how the Council has complied with the following seven core principles:
 - i. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
 - ii. Ensuring openness and comprehensive stakeholder engagement;
 - iii. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
 - iv. Determining the interventions necessary to optimise the achievement of the intended outcomes;
 - v. Developing the Council's capacity, including the capability of its leadership and the individuals within it;
 - vi. Managing risks and performance through robust internal control and strong public financial management, and
 - vii. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 2.4 Some key improvements to the system of governance have been made this year and are set out in the Statement; notably the Audit Committee self-assessment of practice against CIPFA's publication; Audit committees: Practical guidance for local authorities and police, as reported to Committee in September 2021, and adoption of a revised Member Code of Conduct and associated procedures for dealing with complaints as agreed at Council in November 2021 and February 2022 respectively. In addition, the Local Government Association's Corporate Peer Challenge that took place in November 2021 highlighted other areas for improvement actions which are underway and are referenced in the Statement.

2.5 An update on progress against previously identified areas for improvement is set out in the appendix to the Statement alongside any new areas identified for improvement in the coming financial year. The review is an iterative process, ensuring that the Council's system of governance adapts to external change, such as new regulatory frameworks, government guidance and the current risk environment.

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

Good governance leads to good management, good performance and good stewardship of public money, good public engagement and ultimately good outcomes for residents and service users. However, there are costs associated with embedding and continuing good governance practices, and as the Council's organisational structures develop, the costs associated with governance need to be monitored to ensure they remain proportionate.

Cross-Council Implications

Achieving good governance impacts all aspects of the Council's services to residents.

Public Sector Equality Duty

There are no specific equality implications of this report, other than acknowledgement of the importance of equality matters and how they are addressed as part of the local code of governance, which in turn is reviewed via the Annual Governance Statement.

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*

While there are no specific climate emergency implications contained within this report, the delivery of sustainable outcomes lies at the core of the Council's vision and the Annual Governance Statement has a key role in ensuring that key priorities and outcomes are delivered, by reviewing the framework for decision-making and resource allocation.

Reasons for considering the report in Part 2

Not applicable.

List of Background Papers

CIPFA/Solace Delivering Good Governance in Local Government: Framework 2016

Contact Andrew Moulton	Service Governance
Telephone No Tel: 07747 777298	Email andrew.moulton@wokingham.gov.uk

Wokingham Borough Council

Annual Governance Statement 2021-22

Version 5, 15 July 2022

Executive Summary

Wokingham Borough Council is committed to playing its role in making Wokingham borough a great place to live, learn, work, and grow, and a great place to do business. This commitment is set out in the Council Plan and describes how the Council will meet the challenges ahead and achieve its priorities.

To be successful, the Council must have a solid foundation of good governance and sound financial management. The Council's Local Code of Corporate Governance ensures that we are doing the right things, in the right way, in line with our values. The Local Code includes the assurance framework that sets out how and what the Council will seek to obtain assurance on.

A copy of the Council's Local Code and Assurance Framework is available on our website at www.wokingham.gov.uk/governance.

Each year, the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements set out in the Local Code have been working. This AGS gives assurances on compliance for the year ending 31 March 2022 and up to the date of approval of the Statement of Accounts.

During 2021/22, the Council welcomed a corporate peer challenge undertaken by the Local Government Association. The insights and recommendations arising have been built into the production of this year's AGS.

The Leader of the Council and Chief Executive both recognise the vital importance of having a solid foundation of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this Statement, and to further enhance our governance arrangements to enable delivery of the Council Plan.

The Leader and Chief Executive confirm they have been advised of the implications of the review by Senior Management and are satisfied that the steps outlined in this document will ensure that our governance arrangements remain fit for the future.

Signed on behalf of Wokingham Borough Council

Clive Jones

Leader of the Council

Susan Parsonage

Chief Executive

1. Introduction and acknowledgement of responsibility

- 1.1 Wokingham Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.
- 1.2 The principles of good governance The CIPFA/SOLACE Delivering Good Governance in Local Government publication (2016) defines the various principles of good governance in the public sector. The document sets out seven core principles that underpin the governance framework and these are set out in Table 1 below.

Table 1 – Core principles of the CIPFA/SOLACE framework.



2. Key elements of the Council's governance arrangements

- 2.1 The governance framework at Wokingham Borough Council comprises the systems and processes, culture, and values which the Council has adopted in order to deliver on the above principles. The Council has a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE framework (2016). This is regularly reviewed and assessed for compliance. The CIPFA Financial Management Code 2019 (FM Code) was introduced during 2020-21, to improve the financial resilience of organisations by embedding enhanced standards of financial management. The implementation of the FM Code is mandatory from 2021-22, and the Council is assessing compliance with the Code to ensure that financial outcomes are sustainable.

Table 2 – Overview of the council’s governance framework

<p style="text-align: center;">Council, Executive & Leader</p> <ul style="list-style-type: none"> • Provide leadership, approve the budget, develop and set policy • Approve the constitution which sets out how the council operates • Agree Council priorities, developed in consultation with residents and stakeholders 	<p style="text-align: center;">Scrutiny and review</p> <ul style="list-style-type: none"> • Scrutiny commissions reviews of Council policy and services and can challenge decisions • Audit Committee and Standards Committee reviews governance and promotes and maintains high standards of conduct by councillors
<p style="text-align: center;">Decision making</p> <ul style="list-style-type: none"> • All decisions made in compliance with law and Council constitution • Meetings have either been held in public or access has been arranged for the public to attend virtual meetings • Decisions are recorded on the council website 	<p style="text-align: center;">Risk Management</p> <ul style="list-style-type: none"> • Risk management strategy ensures proper management of risks • Risk registers identify both strategic and operational risks
<p style="text-align: center;">Corporate Leadership Team</p> <ul style="list-style-type: none"> • Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective corporate leadership team (CLT) • The Deputy Chief Executive and Director of Resources & Assets is the Council’s Section 151 officer and is responsible for safeguarding the council’s financial position and ensuring value for money • The Assistant Director Governance is the Council’s monitoring officer who, with Deputy Chief Executive and Director of Resources & Assets, is responsible for ensuring legality and promoting high standards of conduct in public life. 	

2.2 Full Council is responsible for approving the budget, developing policies, making constitutional decisions, and deciding local legislation. Council elects the Leader for a term of four years, and the Leader appoints an Executive of up to ten councillors (including him/herself), each holding a special portfolio of responsibility. The Council’s constitution is updated throughout the year and sets out how the Council operates. It states what matters are reserved for decision by full Council, the responsibilities of the Executive, and the matters reserved for collective and individual decision, and the powers delegated to Committees.

2.3 Decision-making powers not reserved for councillors are delegated to the Chief Executive, Directors, and Assistant Directors. The Monitoring Officer ensures that all decisions made are legal and supports the Audit Committee and Standards Committee in promoting high standards of conduct amongst members.

- 2.4 The Overview and Scrutiny Committee and its scrutiny sub-Committees scrutinise decisions made by the Executive, and those delegated to officers, and review services provided by the Council and its partners. The scrutiny officer promotes and supports the Council's scrutiny functions.
- 2.5 The Executive has developed a Community Vision (2020-2024) for Wokingham borough, and a Council Plan (2020-2024) which is published on the Council's website. It is reviewed and updated according to changing statutory requirements, the evolving social and economic situation, analyses of needs and the performance of the Council against its priorities. The Council Plan was reviewed and refreshed by the Executive in March 2022. The Council welcomes views from the public and community as part of the constitutional process. These views are considered through formal and informal consultation processes, attendance at meetings of the Council and its Committees, or contact with a local ward councillor. Trades unions are consulted on issues that affect Council staff.
- 2.6 The overall budget and policy framework of the Council is set by full Council and all decisions are made within this framework. The Council's overall policy is represented through the Council Plan which is developed alongside the budget through consultation with residents and other stakeholders in the borough, and which sets out how the Council's priorities will be delivered. Performance against the Council Plan is monitored throughout the year. Progress is reviewed quarterly by the Leader and respective Executive members and is reported through an annual performance report at the end of each financial year. The Council also monitors its performance through feedback from its residents and service users.
- 2.7 The performance management process helps to identify learning and development needs, which are translated into personal development plans for staff. Members are also offered development and training opportunities. The Council provides a programme of learning and development to officers and members.
- 2.8 The Council also has a whistleblowing policy, which encourages staff and other concerned parties to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment. The Council has appropriate arrangements in place to deal with fraud and corruption risks and is committed to maintaining its vigilance to tackle fraud.
- 2.9 The Council expects the highest standards of conduct and personal behaviour from members and staff; and promotes and maintains high standards of conduct by both elected and co-opted members of the authority. These standards are defined and communicated through codes of conduct, protocols and other documents.
- 2.10 The Council's financial management arrangements conform to the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2016). The Chief Financial Officer (CFO) is the Deputy Chief Executive & Director of Resources and Assets, who has statutory responsibility for the proper management of the Council's finances and is a key member of the Corporate Leadership Team. He formally devolves the management of the Council's finances within directorates to directors through Financial Regulations (section 12 of Constitution). The Local Government Act 2003 requires the CFO to report to Members, when setting the level of Council Tax, on the robustness of the budget

presented and adequacy of reserves. The CFO report highlights the strong financial management of the Council. It also outlines the major financial issues facing the Council in the medium-term period.

- 2.11 The Council's assurance arrangements conform to the governance requirements of the CIPFA "Statement on the Role of the Head of Internal Audit in Public Service Organisations" (2019). The Chief Audit Executive (Head of Internal Audit & Investigations) reports functionally to the Audit Committee, which approves the audit plan and strategy and receives reports throughout the year on audit and anti-fraud activity, as well as the annual report and opinion on the internal control framework. The internal audit service complies with the Public Sector Internal Auditing Standards (PSIAS) which promote professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 2.12 The Council's risk management strategy ensures proper management of the risks to the achievement of the council's priorities and helps decision making. In the Council's day-to-day operations, a framework of internal controls (e.g. authorisation, reconciliations, separation of duties, etc.) manages the risks of fraud or error, and this framework is reviewed by internal audit.
- 2.13 Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The Council's legal services and procurement teams ensure that all are fit for purpose and the Council's interests are protected.
- 2.14 The Audit Committee is responsible for monitoring the effective development and operation of corporate governance in the council. It provides independent assurance of the adequacy of the Council's governance arrangements, including the risk management framework and the associated control environment, the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, oversight of the financial reporting process and scrutiny of the treasury management strategy and policies.

3. Review of effectiveness

- 3.1 Wokingham Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
- 3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 3.3 The review of effectiveness is informed by the work of the senior managers within the council who have responsibility for the development and maintenance of the governance environment, the chief audit executive's annual report, and by comments made by the external auditors and other review agencies and inspectorates. The key elements of the review of effectiveness are:-

- the Council’s internal management processes, such as performance monitoring and reporting; the staff performance review framework; internal staff surveys of awareness of and views on corporate policies; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget setting process.
- an annual self-assessment and management assurance statement signed by Directors and Assistant Directors, confirming adherence to the seven principles of the local Code of Corporate Governance and other corporate governance processes have operated as intended within their directorates throughout the year.
- the assessment of compliance against the Council’s Local Code of Corporate Governance (see appendix 1).
- the annual report of the Chief Audit Executive (Head of Internal Audit & Investigations) which provides an opinion to members on the adequacy and effectiveness of the internal control system, the council’s risk management and governance process. The overall assurance was, “substantially complete and generally effective but with some improvements required,” which denotes that the overall audit work conducted significantly meets expectations and provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review.
- the work of the Audit Committee and Standards Committee which includes responsibility for monitoring the development and operation of corporate governance in the Council.
- the Council reviewed sustainability against the CIPFA financial resilience index over 2 years scoring as ‘low risk’ on the reserve sustainability measure and ‘extremely low risk’ regarding the change in reserves year on year.
- The Council welcomed a Corporate Peer Challenge in November 2021 undertaken by the Local Government Association (LGA). The review highlighted areas of good practice as well as identifying recommendations for further consideration which have been considered as part of the AGS effectiveness review.

4. Assurance statement

The review, as detailed above, provides good overall assurance of the Council’s system of internal control and that the arrangements are fit for purpose in accordance with the governance framework. Issues of assurance are raised in the “Governance issues” section and have been highlighted in the “Areas of Significant Change.”

5. Governance issues and improvements

Specific opportunities for improvement in governance and internal controls identified as part of the assurance processes have been addressed, or are included, in action plans for the relevant managers as well as the Council's response to the LGA Corporate Peer Challenge. There was a continued focus on the following governance issues last year:

- **Covid-19 Response and Recovery** – during 2021/22, significant capacity continued to be allocated to responding to the Covid-19 emergency. During the year, the gold level strategic group (CLT) and/or the tactical silver level group led decisions on the organisational response based on national guidance and local circumstances. The Coronavirus Act (2020) allowed authorities to conduct virtual decision-making meetings in 2020/21. Despite councils wishing to continue these in 2021-22, emergency legislation was not extended beyond 7 May 2021. As a result the Council held meetings in person albeit with careful management given the health restrictions in place at different times through the year. Additional demands were made on IT systems and staff with most office based staff continuing to work remotely throughout 2021-22. Changes to ways of working are being carefully managed as restrictions have been largely removed.
- **Financial capacity and capability** – the finance team has been strengthened with additional capacity and a new operating model with clear roles and responsibilities and a renewed focus on budget management, benefits realisation and finance training.
- **Risk management** - a cross-council risk management group was formed to regularly review directorate and corporate risks leading to a revised corporate risk register template that improves visibility of accountability for mitigating actions.
- **Member Code of Conduct** – Council agreed in July 2021 to adopt a revised Code based on the LGA model code of practice. Processes for dealing with complaints were reviewed by an independent expert against best practice and changes agreed by Council in February 2022.
- **Equalities, Diversity & Inclusion** – following the Executive's agreement of the Equality Strategy in March 2021, the past year has focused on implementation of the year 1 foundation actions. In addition, the Council's approach to Tackling Poverty was developed to provide focus in addressing the cost of living crisis and rising inflation and this continues into 2022/23 and beyond.
- **Cyber Security** - Strengthened the Council's cyber security approach in response to heightened risks through further investment and implementation of further controls.
- **Chief Audit Executive (Head of Internal Audit & Investigations)** – reporting lines have been clarified to ensure direct access to the Chief Executive and Chair of Audit Committee. In addition, the internal audit function is implementing a transformation strategy to further enhance the effectiveness of the service.
- **Procurement and contract management** – a new Procurement Strategy based on CIPFA best practice was agreed in July 2021 to strengthen governance in this area including the establishment of a Strategic Procurement Board.

- **Statutory Officers Group** – meetings of this group (Chief Executive, s151 Officer, and Monitoring Officer) were formalised and increased in frequency to add focus and promote governance across the Council.
- **Governance Dashboard** – the internal audit of corporate governance introduced a dashboard approach to evaluating the effectiveness of arrangements using the Local Code of Corporate Governance as its framework. This is reviewed quarterly by the Statutory Officers Group.
- **Customer, Insight, Change** – these important corporate functions were moved during the year to the Chief Executive’s Office.

Despite the challenges and adaptations in 2021-22, the Council has maintained consistent essential services for residents, whilst adapting to provide alternative virtual services wherever possible. The Council’s strong collaborative approach has continued to be effective at achieving a unified response, working with key partners in the NHS, police and voluntary and community sectors. In fact, the response to the crisis has added assurance to the effectiveness of the council’s business continuity plans, communications strategy and governance arrangements. The risks moving forward have been detailed in the Areas of Significant Change.

6. Areas of significant change

The Council also faces a number of areas of significant change that will require consideration and action as appropriate in 2022-23 and the medium-term. Significant issues identified include:

Changes to the political balance of the Council

The Council moved to a position of no overall control following the May 2022 elections. At Annual Council on 19 May 2022, a minority Liberal Democrat administration was agreed. This is the first time in 20 years that the Council has not had a majority administration and, as such, will require careful consideration of the impact on governance arrangements including, for example, updating the Member/Officer Protocol.

Electoral arrangements

Local elections are scheduled for May 2023 (18 seats) following which there will be whole Council elections in May 2024 as a result of the Boundary Commission for England’s Electoral Review.

The Council has recently consulted with residents on whether to change its current electoral arrangements of electing in thirds and held an Extraordinary Council meeting in June 2022 to decide on this question which was highlighted in the LGA Corporate Peer Challenge. Council agreed to maintain the current cycle of electing in thirds.

Overview and Scrutiny

The effectiveness of the scrutiny function was highlighted in the LGA Corporate Peer Challenge as an area for further consideration. The Council partnered with the Centre for

Governance and Scrutiny to provide an independent, objective assessment of its current arrangements and recommend areas for improvement.

Corporate risks

There are a small number of significant high impact risks monitored quarterly by Audit Committee through the corporate risk register process that will require ongoing consideration. These are:-

- *Budget and financial resilience* - the Council faces significant financial pressures as the lowest funded unitary authority in England. Although this is mitigated by its strong reserve position, the Council is developing financial scenario planning to test and flex wide-scale savings plans.
- *Health & Social Care Reform* (including supplier sufficiency and sustainability) – the impact of the Government’s reforms is being evaluated in terms of finance, workforce, the supplier market, and IT systems required.
- *Children’s Services – education*. Demand for school places has increased significantly and is impacting on the capacity of the Council to deliver the outcomes for children and young people.

Workforce

Last year’s AGS identified the requirement to develop and enhance the HR function including HR policies and procedures. A new operating model for HR was developed in 2021/22 and is in the process of being implemented. In recognition of the importance of a robust HR service and an engaged workforce, this is a priority for the year ahead with a dedicated programme sponsored by CLT.

Member Development and Training

The Council is keen to introduce a more strategic approach in this area using the LGA’s Member Development Charter and associated resources.

Risk Management

Building on the improvements already made in this area, further enhancements include embedding the value of good risk management more widely across the organisation through further training etc.

Equality, Diversity & Inclusion (EDI)

The March 2021 Equality Strategy affirmed the Council’s commitment and pledge as a Council to tackle inequality in its workforce and communities. During 2021/22, the year 1 implementation programme has commenced the embedding of EDI good practice to ensure this is treated as a business critical issue. In 2022/23, the year 2 programme will focus on further embedding of the LGA’s Equality Framework for Local Government to meet its EDI objectives and obligations under the Equality Act 2010.

CIPFA Code of Financial Management 2019

During 2022/23, an assurance review will be undertaken to check compliance against the code. Whilst many of the best practice features of the Code are already in place, this review will provide further assurance of the Council financial governance arrangements.

7. Conclusion

- 7.1 The Council continued to be significantly impacted by the Covid-19 pandemic in 2021/22. Governance arrangements have been tested but have found to be robust and resilient in 2021-22, whilst recognising that recovery from the pandemic, the worsening economic situation, and responding to the refugee crisis will continue to bring substantial risks to the council in 2022-23. There will be an ongoing review of the financial impact with a mid-year budget review planned for later in 2022.
- 7.2 The Council is satisfied that appropriate governance arrangements are in place. We propose over the coming year to take steps to address the matters identified above to further enhance our governance arrangements in these challenging times.

Appendix 1 – Review of Compliance against Local Code of Corporate Governance

Key

Criteria	Description
Effective	The Council is meeting the good governance principle in all substantive respects. There may be opportunities to enhance governance in some elements of this principle but they are minor and build on a solid foundation.
Generally Effective	The Council is meeting the good governance principle overall. However, there is an element of this principle that requires management attention. This specific enhancement should be included in the AGS and tracked.
Ineffective	The Council is not meeting the principle. There are significant weaknesses; either across the whole of the principle, or a fundamental element has a weakness that impacts on the overall achievement of the principle. This weakness should be included in the AGS and robustly monitored.

Summary

Good Governance Principle	Assessment
Behaving with integrity, commitment to ethical values, and respecting the rule of law	Generally Effective
Openness and comprehensive stakeholder engagement	Effective
Defined outcomes in terms of sustainable economic, social, and environmental benefits	Generally Effective
Determining the interventions necessary to optimise the achievement of the intended outcomes	Effective
Developing the Council's capacity, including the capability of its leadership and the individuals within it	Generally Effective
Managing risks and performance through robust internal control and strong public financial management	Generally Effective
Implementing good practices in transparency, reporting, and audit to deliver effective accountability management	Effective

How the Council meets this principle	Assessment
A. Behaving with integrity, commitment to ethical values, and respecting the rule of law	
<p>Full Council has defined the Council’s values, and these are incorporated in the Community Vision. The Council can do more to ensure its values are fully embedded in the culture of the organisation. Standards Committee has met in accordance with the Constitution. No findings of a breach of the Code of Conduct were made against WBC Members in 2021/22. Members’ declarations of interests and gifts and hospitality are published on the website.</p> <p>New Members received induction which includes the Code of Conduct. There is a corporate induction for new officers and 1-2-1/supervision and an annual performance review process for officers. There is strong awareness of the whistleblowing policy, but it is sometimes used for service complaints. Counter-fraud arrangements are being strengthened.</p> <p>Improvements have been identified for the Council’s scrutiny arrangements and we are working with the Centre for Governance and Scrutiny to address these. The Council performed a self-assessment against the LGA Equality Framework and concluded that it was ‘developing’ The Council has an Equalities plan and is continuing to deliver improvements in this area including the launch of a Residents Equality Forum. Legal and financial advice is provided on Member decisions. The Council has corporate complaints, compliments and monitoring procedures and has improved customer feedback mechanisms. There have been no Local Government Ombudsman findings against the Council nor Information Governance breaches reported to the Information Commissioners Office.</p> <p>The Council operates companies, and these comply with Companies Act 2006, their Articles of Association, shareholder operating protocols and shareholder agreements. The shareholder agreement with the Royal Borough of Windsor & Maidenhead has been revised which better reflects the operation of Optalis but also resolves process and strategic priorities for the jointly owned company. The Optalis group has been streamlined with direct council appointments onto the remaining operating company. The strategic direction and oversight function of Optalis Holdings Limited over the property companies (Wokingham Housing Limited, Berry Brook Homes Limited and Loddon Homes Limited) continues to provide assurance of performance for the Council.</p> <p>The Council has a Data Protection Policy and advice on this is often sought by officers.</p>	Generally Effective
B. Openness and comprehensive stakeholder engagement	
<p>The Council has invested in its communication team, and this has delivered improved communications with stakeholders across communication channels. The Council continues to invest in its website.</p>	Effective

The Council has a forward programme of key decisions which is published every month. There were only five urgent decisions were taken that were not on the forward programme. All Committees have published agendas and standard report templates and minutes and are live streamed via YouTube. There were 62 public questions during 2021/22. Decisions are accompanied by Equality Impact Assessments where appropriate. The Council has launched improved consultation software, and this has seen an increase in the number of responses to Council consultations.

The Council proactively publishes data on its activities. The Council processed Freedom of Information Act requests, but our performance has fallen during the pandemic, and we are addressing this.

We are in the process of refreshing our Customer Excellence Strategy. Overview and Scrutiny are heavily involved in the budget setting process. The Council has updated its Joint Strategic Needs Assessment. It is working closely with partners including the Thames Valley Local Enterprise Partnership, Joint Health and West Board, Community Safety Partnership, Berkshire West Children’s Safeguarding Partnership, Voluntary Community Partnership and Wokingham Education Partnership.

C. Defined outcomes in terms of sustainable economic, social, and environmental benefits

The Council has a Community Vision and Corporate Delivery Plan that sets out the Council’s strategic priorities until 2024. This is supported by the Council’s three-year Medium Term Financial Plan and Capital Strategy. The Council produces annual financial statements. However, the external audit of the 2020/21 accounts has not been concluded as reported to the Audit Committee.

The Council considers risks in decision making and has a Corporate Risk Register that is regularly reviewed by the Audit Committee.

The Council has key strategies covering Health and Wellbeing, Adult Social Care, Voluntary & Community Sector, Children’s Services, Housing, Climate Emergency and Equalities. The Council has a Local Development Framework and is progressing a new Local Plan.

The Council is well progressed on formulating its Tackling Poverty Strategy in response to the pandemic and cost of living crisis.

Generally Effective

D. Determining the interventions necessary to optimise the achievement of the intended outcome

The Council has standard templates for Business Cases and Executive papers that contain analysis of options and risks. The Council’s budget is subject to review by Overview and Scrutiny. Customer feedback is utilised in making commissioning decisions and service improvement.

The Council works in partnership where value can be achieved. The Council has key partnerships e.g. Health and Wellbeing, Community Safety and Berkshire West Children’s Safeguarding Partnership. The Council has proactively identified shared

Effective

<p>services that were not delivering for Wokingham and left these. The Council utilises its local authority trading companies to deliver services in adult social care and housing. These companies have discharged their legal reporting duties.</p> <p>The Council has a performance indicator set that is reported quarterly to Overview and Scrutiny.</p> <p>The Council has robust budget management and monitoring.</p>	
<p>E. Developing the Council’s capacity, including the capability of its leadership and the individuals within it</p>	
<p>The Council has an in-house Change Team that reviews operations to identify opportunities for improvement. The Council has an Asset Management Plan and has assessed the impact of the pandemic on its assets.</p> <p>The Council increases its capacity to deliver for residents through effective engagement with partners. The Council works closely with the Voluntary and Community Sector and Towns and Parish Councils and recognises it can do more in this area. The Council is engaged with regional agenda via both the Thames Valley Local Enterprise Partnership and collaboration with other Berkshire Councils.</p> <p>Last year’s AGS identified the requirement to develop and enhance the HR function including HR policies and procedures. A new operating model for HR was developed in 2021/22 and is in the process of being implemented. In recognition of the importance of a robust HR service and an engaged workforce, this is a priority for the year ahead with a dedicated programme sponsored by CLT.</p> <p>The recruitment of a permanent Assistant Director of Human Resources is underway.</p> <p>The Council has strengthened the finance team in response to capacity concerns identified by external audit.</p> <p>The Council has a Member / Officer protocol that defines the relationship between elected and appointed leaders but recognises that this is an area to be strengthened.</p> <p>There is Member and Officer induction. Learning and Development of both Members and Officers are areas that are being reviewed and improved.</p> <p>Decisions were taken in accordance with the scheme of delegation. The Council sought feedback on its performance from the LGA Peer review and is tracking the implementation of the action plan. Staff have annual performance reviews.</p>	<p>Generally Effective</p>
<p>F. Managing risks and performance through robust internal control and strong public financial management</p>	
<p>The Council has a Risk Management Policy that defines its approach to risk management and details the roles and responsibilities. The Council has a Corporate</p>	<p>Generally effective.</p>

Risk Register which is updated at least quarterly and reviewed by Audit Committee. Responsibility for managing individual risks is assigned to Executive and Officer leads.

Performance is monitored via quarterly performance reports presented to Overview and Scrutiny Management Committee. The Council published an Annual Report on the delivery of the Corporate Delivery Plan. There is scope to further align performance and risk management with the Council's Corporate Plan. Decisions are made using standard templates that include relevant analysis including equalities, climate emergency impacts, legal and financial input. Overview and Scrutiny is an area for further development.

The Chief Financial Officer's Statutory report sets out the financial position of the Council and identifies the key financial risks the Council faces. The Council has robust internal controls with clear financial procedures and procurement rules and procedures. The Strategic Procurement Board reviews significant procurement activity. The Audit and Investigation annual plan provides assurance on the key risks facing the Council. The Council has an Anti-Fraud and Corruption Policy and robust Whistleblowing arrangements. The Council is working to ensure that these are fully embedded, targeting resources to greatest areas of risk and opportunities. There were no instances of Money Laundering detected in the last year.

The Council has an Audit Committee to provide assurance on good governance.

Four out of five actions from the 2020/21 AGS action plan have been implemented. The Council has a MTFP and strong budgetary control and effective reporting arrangements to Executive. The Council operates a strong information governance culture including the bi-annual mandatory e-learning for all staff. There were no incidents reported to the Information Commissioner and no breaches identified of the Caldicott principles.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability management

The Council is open about decision making with meetings open to the public, with agenda, papers and minutes being published and meetings are streamed on the web.

The Council produces an Annual Report on the delivery of the Corporate Delivery Plan and a Statement of Accounts and Annual Governance Statement. External Audit produce an Annual Audit Letter and progress has been made in implementing these. The Council has not yet developed an assurance framework to identify and co-ordinate the sources of assurance. Accountability for delivery of corrective action and improvement activity is reported to Audit Committee.

The Council conducted a Self-assessment against Audit Committee Arrangements: Initial Self-Assessment of Good Practice (August 2021) and reported these findings to the Audit Committee.

The Council has strengthened the reporting lines of the Chief Audit Executive to ensure regular access to the Chief Executive and Audit Committee Chair. The Council has formalised the meetings of the Head of Paid Service, Section 151 Officer and

Effective

Monitoring Officer into a Statutory Officers Group that meets at least quarterly to review the Council's governance dashboard.

The Council has published the November 2021 LGA Corporate Peer Challenge report and actions are being monitored by Executive.

Appendix 2 – 2021/22 Action Plan

Area of Focus	Action	Who	Timescale
Constitution – Member/Officer protocol	Review and update protocol supported by training for members and officers.	Assistant Director Governance (Monitoring Officer)	December 2022
Electoral Arrangements	Support the Local Government Boundary Commission for England’s electoral review of Wokingham Borough.	Assistant Director Governance (Monitoring Officer)	March 2023
Overview & Scrutiny function	Implement recommendations of Centre for Governance & Scrutiny’s review of current arrangements.	Assistant Director Governance (Monitoring Officer)	To be confirmed (when report received)
Risk management	Continue to review the identification and mitigation of key corporate risks with Audit Committee oversight and review quarterly.	Assistant Director Governance (Monitoring Officer)	Sept 2022 Nov 2022 Feb 2023
Workforce	Development of key improvement themes linked to an overarching workforce programme.	Assistant Director HR	March 2023
Member Development & training	Introduce new development and training programme based on LGA charter scheme.	Assistant Director Governance (Monitoring Officer)	March 2023
CIPFA Code of Financial Management	Undertake assurance review to confirm compliance.	Assistant Director Finance	March 2023

WOKINGHAM BOROUGH COUNCIL'S AUDIT COMMITTEE FORWARD PROGRAMME

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 28 September 2022	1.	Corporate Risk Register Update	Graham Ebers, Deputy Chief Executive
	2.	Internal Audit and Investigation Q1 Progress Report	Catherine Hickman, Head of Internal Audit and Investigation Service
	2.	EY - Final audit results report 2020/21	EY
	3.	EY - Auditor's annual report 2020/21	EY

WOKINGHAM BOROUGH COUNCIL'S AUDIT COMMITTEE FORWARD PROGRAMME

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 30 November 2022	1.	Treasury Management Mid-Year Report 2022/23	Graham Ebers, Deputy Chief Executive
	2.	Corporate Risk Register Update	Graham Ebers, Deputy Chief Executive
	3.	Internal Audit and Investigation Q2 Progress Report	Catherine Hickman, Head of Internal Audit and Investigation Service
	4.	Fraud Policies review	Catherine Hickman, Head of Internal Audit and Investigation Service
	5.	Annual Governance Statement	Graham Ebers, Deputy Chief Executive
	6.	Statement of Accounts (or February)	Graham Ebers, Deputy Chief Executive
	7.	Ernst & Young – Audit results report 2021/22 (or February)	EY
	8.	Compliments and complaints	Customer Services

WOKINGHAM BOROUGH COUNCIL'S AUDIT COMMITTEE FORWARD PROGRAMME

DATE OF MEETING	ITEM No.	ITEM DESCRIPTION	RESPONSIBLE OFFICER
Wednesday 1 February 2023	1.	Corporate Risk Register Update	Graham Ebers, Deputy Chief Executive
	2.	Internal Audit and Investigation Q3 Progress Report Plan	Catherine Hickman, Head of Internal Audit and Investigation Service
	3.	2023-24 Draft Internal Audit and Investigation Plan	Catherine Hickman, Head of Internal Audit and Investigation Service
	4.	2022-23 Outline Audit Plan (or July 2023)	EY
	5.	EY – Auditor's Annual Report 2021/22 (or July 2023)	EY
	6.	Treasury Management Strategy 2023/24	Graham Ebers, Deputy Chief Executive

This page is intentionally left blank