



## **ANNUAL GOVERNANCE STATEMENT – 2020/21 (Draft for Audit Committee review)**

### **Scope of Responsibility**

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.
2. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In meeting this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

3. The Council has adopted a code of corporate governance (approved in November 2020) which is consistent with the principles of the CIPFA (Chartered Institute of Public Finance and Accounting)/IFAC (International Federation of Accountants): *International Framework: Good Governance in the Public Sector*.
4. This statement explains how the Council delivers good governance and reviews the effectiveness of these arrangements. It also meets the requirements of the Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, which 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.

### **The Purpose of the Governance Framework**

5. The Governance Framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
6. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives, and therefore provides reasonable assurance of effectiveness.
7. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. The system is designed to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

8. The Council's governance framework has been in place for the year ended 31 March 2021 and up to the date that the statement of accounts was approved.

### **The Governance Framework**

9. At Wokingham Borough Council good governance is everyone's responsibility however the Leader of the Council and Chief Executive acknowledge their leadership role in relation to good governance.
10. The Council's governance framework has evolved over successive years and is defined in its *Local Code of Corporate Governance*. This is reviewed annually to ensure its continuing effectiveness with regard to the principles of the *International Framework: Good Governance in the Public Sector* in delivering good governance, which are:
  - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - Ensuring openness and comprehensive stakeholder engagement.
  - Defining outcomes in terms of sustainable economic, social and environmental benefits.
  - Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - Developing the Council's capacity, including the capability of its leadership and the individuals within it.
  - Managing risks and performance through robust internal control and strong financial management.
  - Implementing good practices in transparency, reporting and audit, to deliver effective accountability.
11. A brief description of the key elements of Governance Framework in place at Wokingham Borough Council is included as Appendix A.

### **Review of Effectiveness**

12. 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. 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.
13. 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 (Assistant Director Governance) annual report, and by comments made by the external auditors and other review agencies and inspectorates.
14. The key elements of the review of effectiveness are:
  - The council's internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework; internal surveys of awareness of corporate policies; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget challenge process.
  - The role of the Executive and committees, including overview & scrutiny panels, the Audit Committee and Standards Committee

- An annual self-assessment and management assurance statement signed by directors, confirming that the Code of Conduct, Financial Standing Orders, Financial Regulations and other corporate governance processes, e.g. Health & Safety, equalities duties, have operated as intended within their directorates throughout the year. This also includes the Council’s trading companies.
  - The work of the Council’s overview & scrutiny panels.
  - The work of EY, the Council’s external auditor.
  - The annual report of the Chief Audit Executive provides an opinion to members on the adequacy and effectiveness of the internal control system and on the adequacy and effectiveness of the council’s risk management, control and governance process
  - The work of the audit, governance and standards committee which includes responsibility for monitoring the development and operation of corporate governance in the council.
  - Other review agencies and inspectorates, e.g. Ofsted, Care Quality Commission (CQC), etc.
15. The review has been led by the Chief Audit Executive in collaboration with the Chief Executive, the Corporate Leadership Team and Directorate Leadership Teams.
16. The review has considered the following evidence:
- a) Management Assurance Statements – Each Director, in conjunction with their Assistant Directors, has completed a self-assessment covering the effectiveness of governance arrangements in their area. In addition, the review covered the activities of the Council’s subsidiaries, Optalis and Wokingham Holdings Ltd. The self-assessments, which have been reviewed by Internal Audit, have been used to identify areas for improvement both at a service level and, where, applicable, corporate level and inclusion in the improvement plan at Appendix 2.
  - b) The annual opinion of the Lead Specialist-Audit and Investigation, on the Council’s control framework, delivered to the Audit Committee, as the body charged with governance.
  - c) Based upon the results of work undertaken during the year, it is the Lead Specialist overall opinion that the Council has an adequate and effective governance, risk management and control framework for 2020/21. Areas for improvement were identified in a number of reviews and action plans agreed with senior management to resolve the control / governance deficiencies identified.
  - d) External audit reports issued and reports from other agencies and inspectorates.
17. The review has concluded that arrangements are fit for purpose and working effectively. A small number of governance issues have been identified and in order to further strengthen arrangements, an improvement plan to address these issues is set out in Appendix B.

**18. Review of 2019-20 Governance Issues**

**Table 1**

	Governance issue	Current status
AGS 20.1	<b>HR Policies</b> Use of Market Supplements and Honorariums across the organisation are not always in line with policy.	Further work is required – see 2020/21 issues below.

AGS 20.2	<b>Public Sector Equality Duty</b> The Council has made progress in 2019/20 with all key decisions taken in the context of Equality Impact Assessments. However, further embedding of the Public Sector Equality Duty is required including review of equality objectives.	Full Council in March 2021, reviewed and approved an updated Equalities Plan.
AGS 20.3	<b>Tree inspection</b> The approach to tree inspection on the highway set out in the Wokingham Highways Inspection Policy (WHIP) was not in accordance with the Council's adopted Tree Inspection Framework (2016).	The operational practice has since been addressed and now consistent with the existing policy but further work is underway to the review the existing policy.
AGS 20.4	<b>Home to School Transport Appeals</b> The Ombudsman recommended an appeal process be introduced for Home to School Transport appeals	In place.
AGS 20.5	<b>Property Development</b> During 2019/20, the Council took over the management of former WHL development sites which has identified governance areas for improvement.	Resources & Assets Management Assurance Statement confirms that this issue was fully addressed during 2020/21.
AGS 20.6	<b>Local Code of Corporate Governance</b> With the refresh of the Local Code of Corporate Governance, awareness needs to be embedded with officers and Members, including training.	Full Council in November 2020 approved the refreshed LCCG.

**19. 2020-21 Governance Issues**  
**Table 2 (See also Appendix B – Improvement Plan)**

	Governance issue
AGS 21.1	<b>Significant corporate risks as per Corporate Risk Register (those assessed as “very high”)</b> It is best practice to highlight the top CRR risks in our AGS. As of May 2021, these risks are:- <ul style="list-style-type: none"> <li>• Budgeting and financial management; and</li> <li>• Regulatory inspections</li> </ul>
AGS 21.2	<b>Standards Committee composition</b> It was identified in January 2021 that the membership of the Standards Committee needed to be amended. This was immediately actioned.
AGS 21.3	<b>Member Code of Conduct Complaints process</b> Capacity to deal with Member Code of Conduct complaints in a timely manner, particularly those requiring formal investigation.

AGS 21.4	<p><b>2019/20 Statement of Accounts</b> Delay to the completion of the audit of the 2019/20 statement of accounts due to external audit delays not directly associated with WBC (pension fund)</p>
AGS 21.5	<p><b>Procurement</b> Procurement review undertaken which has identified areas for development.</p>
AGS 21.6	<p><b>Rent Standard Compliance</b> The 20/21 Local Authority Data Return for this area flagged issues around Rent Standard Compliance which affected a handful of customers. All accounts have now been corrected and the regulator will be informed.</p>
AGS 21.7	<p><b>HR</b> The systems and controls in place for the HR function are not sufficient to ensure the correct level of support for WBC. At a broader level, the application of Market Supplement and Honorariums across the organisation are not always in line with policy.</p>
AGS 21.8	<p><b>Equalities</b> Significant actions were undertaken in 2020/21 to deliver the policy and action plan. The work to truly embed and make a material difference to both colleagues and the community is now required through 2021/22.</p>

**Conclusion**

The Chief Executive has identified the actions required to strengthen these areas of governance and will monitor their implementation (Refer Appendix 2).

Overall, the governance arrangements are substantially complete and generally effective but with some improvements required. This is a reflection of the Council's governance framework and the management assurance statements, together with assurances from the Shared Audit and Investigation work and External Audit, and supported by the systems and procedural controls in place against identified risks and mitigating treatment measures.

The Council therefore concludes that its governance arrangements are fit for purpose.

**Signed:**

**John Halsall,  
Leader of the Council:**

**Date:**

**Susan Parsonage  
Chief Executive:**

**Date:**

## Annual Governance Statement 2020-21

## Governance Framework – Key Elements for 2020-21

<p><b>Principle A:</b> Behave with integrity, demonstrating a strong commitment to ethical values and respect the rule of law.</p>	<ul style="list-style-type: none"> <li>• The Constitution sets out the how the Council operates; the roles and responsibilities of Members, officers and the scrutiny and review of functions; how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.</li> <li>• Codes of Conduct are in place for officers and Members and declare any financial interests, gifts or hospitality. Members and officers are required to comply with approved policies.</li> <li>• The council has a Standards Committee to promote and maintain high standards of conduct by Members of the council and deal with any allegations of a breach of their Code of Conduct.</li> <li>• The Council is committed to protecting any funds and property and expects the highest standards of conduct from Members and officers regarding the administration of financial affairs.</li> <li>• The Council's Anti-Fraud and Corruption Policy conforms to legislative requirements and sets out steps to minimise the risk of fraud, bribery, corruption and dishonesty and procedures for dealing with actual or expected fraud.</li> <li>• The Council is committed to achieving the highest possible standards of openness and accountability in all its practices.</li> <li>• The Council's Whistleblowing Policy sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.</li> <li>• The Council has a process for handling complaints, supported by the Corporate Complaints Policy, setting out the guidance on logging, handling and monitoring complaints. This is to help drive service improvement across the Council.</li> </ul>
<p><b>Principle B</b> Ensuring openness and comprehensive stakeholder engagement.</p>	<ul style="list-style-type: none"> <li>• The Council has a dedicated Consultation webpage inviting public contributions and also an e-Petition facility.</li> <li>• The Leadership encourages an open and supportive culture.</li> <li>• Committee meetings are streamed on the website with reports and minutes available. There are call-in periods for Executive and the Overview &amp; Scrutiny panels review performance.</li> <li>• For 2020-21, an annual budget consultation was held at various locations in the Borough.</li> <li>• The Council complies with the Government Transparency Data publication requirements and Freedom of Information laws.</li> <li>• Well established corporate complaints, compliments and monitoring procedures are in place, with a Customer Service Strategy.</li> </ul>

	<ul style="list-style-type: none"> <li>• Wokingham has numerous partnership and shared service arrangements in place encompassing services such as Health &amp; Wellbeing, Local Enterprise, Community Safety, Children’s Safeguarding, Public Protection, Audit &amp; Investigation, Legal.</li> </ul>
<p><b>Principle C</b>  <b>Defining outcomes in terms of sustainable economic, social and environmental benefits.</b></p>	<ul style="list-style-type: none"> <li>• Approval of a new corporate plan - Community Vision and Corporate Delivery Plan.</li> <li>• Directorate and Service Plans in place for the new organisational structure.</li> <li>• There is a Performance Framework and regular reporting to officers and Members, and published on the website.</li> <li>• The Medium Term Financial Plan sets out the finance forecasts and are supported with Capital and Investment strategies.</li> <li>• Climate Emergency objectives were set in the year and an Air Quality Management Group instigated.</li> <li>• There are standard templates for Business Cases and Executive Papers to support decision making.</li> <li>• There are numerous strategies and policies encompassing services such as Children’s Social Care, Adult Social Care, Planning and Development, Health &amp; Wellbeing, Housing.</li> </ul>
<p><b>Principle D</b>  <b>Determining the interventions necessary to optimise the achievement of the intended outcomes.</b></p>	<ul style="list-style-type: none"> <li>• The objectives and analysis of options are included in the standard templates for business cases and Executive decisions.</li> <li>• Papers are subject to review by Legal, Finance, Monitoring Officer, etc, prior to submission.</li> <li>• A Consultation Policy is in place, with a dedicated webpage and a facility for e-Petitions.</li> <li>• There is transparent reporting of Key Performance Indicators.</li> <li>• Corporate strategy and operational planning are incorporated within the Community Vision and Corporate Delivery Plan, together with Directorate and Service Plans.</li> <li>• Project Management policies and procedures guide the supervision and administration of projects.</li> <li>• The MTFP, Capital and Investment Strategies guide financial activity with capital and revenue monitoring and reporting to officers and Members.</li> </ul>
<p><b>Principle E</b>  <b>Developing the Council’s capacity, including the capability of its leadership and the individuals within it.</b></p>	<ul style="list-style-type: none"> <li>• Training plans for officers and Members are in place with standard induction and training. There are mandatory e-learning modules with intranet guidance, policies and procedures.</li> <li>• Corporate recruitment processes include job profiles and competencies.</li> <li>• There are numerous partnerships and shared services to help ensure that added value can be achieved.</li> <li>• For the companies - Articles of Association are in place and Directors’ duties are set out within the Companies Act.</li> <li>• Appraisals and 121s are undertaken for officers, an Apprenticeship scheme is in place and the Coaching Cadre is there to support officers.</li> </ul>

<p><b>Principle F</b>  <b>Managing risks and performance through robust internal control and strong financial management.</b></p>	<ul style="list-style-type: none"> <li>• There has been a renewed focus on organisational risks and are overseen by the Risk Management Strategy, Corporate Risk Register and Directorate / Service risk registers.</li> <li>• A performance management framework includes reporting to officers, Members and the public.</li> <li>• Overview &amp; Scrutiny panels are in place and they receive quarterly performance reporting.</li> <li>• The Medium Term Financial Plan guides the finance resources with performance reported in the annual Statement of Accounts.</li> <li>• The Audit &amp; Investigation Plan aligns with corporate Risks and the annual audit opinion comments on the organisation's control environment.</li> <li>• Finance statements are reviewed annually by External Audit.</li> <li>• The Audit Committee oversees the work of Finance, Audit &amp; Investigation and on risk management.</li> <li>• Policies for Anti-Fraud and Corruption, Whistleblowing and Anti-Money Laundering are in place.</li> <li>• For the management of data, there are Data Protection / GDPR Guidelines and mandatory GDPR e-learning.</li> <li>• Data sharing agreements with partners are in place.</li> </ul>
<p><b>Principle G</b>  <b>Implementing good practices in transparency, reporting and audit, to deliver effective accountability.</b></p>	<ul style="list-style-type: none"> <li>• Committee Agendas, papers and minutes are published and only Part 2 reporting is used for the purposes intended</li> <li>• There is website streaming of meetings and public questions.</li> <li>• Government Transparency Data requirements are published.</li> <li>• There is regular reporting on performance.</li> <li>• For the Companies, the Companies House reporting and submissions are met.</li> <li>• There is publication of the Statement of Accounts, Annual Governance Statement and improvement plan, and the Annual External Audit report and Letter.</li> <li>• There is publication of peer reviews / inspections, where appropriate and monitoring of outcomes.</li> <li>• There is Finance, Audit &amp; Investigation and External audit reporting to the Audit Committee.</li> </ul>

## Annual Governance Statement 2020-21

## Improvement Plan

Ref.	Area for Improvement	Action	Owner	Timescale	Improvement Outcome
AGS 21.1	<b>Corporate Risks</b>	<ul style="list-style-type: none"> <li>Corporate Risk Register (CRR) monitored through CLT and Audit Committee</li> </ul>	As per CRR	Ongoing	Mitigation of key risks
AGS 21.2	<b>Standards Committee Composition</b>	<ul style="list-style-type: none"> <li>Annual Council approved appointments</li> </ul>	Andrew Moulton	30/5/21	Compliance with Council Constitution
AGS 21.3	<b>Member Code of Conduct Complaints process</b>	<ul style="list-style-type: none"> <li>Re-organisation of resources to ensure complaints dealt with a timely manner</li> </ul>	Andrew Moulton	30/9/21	Compliance with Council Constitution
AGS 21.4	<b>Statement of Accounts</b>	<ul style="list-style-type: none"> <li>Liaison with RBWM with regards production and audit of pension fund accounts.</li> </ul>	Graham Ebers	Ongoing	Compliance with publication dates of statutory accounts.
AGS 21.5	<b>Procurement</b>	<ul style="list-style-type: none"> <li>Procurement Strategy approved by Executive with associated action plan.</li> </ul>	Graham Ebers  Graham Ebers	31/7/21 (for Strategy)  Ongoing (Action Plan)	Effective and efficient procurement practices
AGS 21.6	<b>Rent Standard Compliance</b>	<ul style="list-style-type: none"> <li>WBC Policy in place on compliance to rent standards</li> </ul>	Keeley Clements	30/9/21	Compliance with rent standards

AGS 21.7	<b>HR Policies</b> Use of Market Supplements and Honorariums across the organisation are not always in line with policy.	a. Move to single job evaluation process  b. Reconsideration of job description and role family design  c. Review of pay & conditions to reduce reliance on market supplements	Keeley Clements	30/6/22  30/6/22  30/6/22	Consistent, transparent process of pay and reward in line with Policy.
AGS 21.8	<b>Equalities Plan</b> Implementing and embedding the key actions flowing from the Equalities Plan agreed by Council in March 2021.	Implement action plan through cross-Council programme plan.	Keeley Clements	Ongoing through 21/22.	Positive impact on residents and staff through the embedding of the Equalities Plan.

