

Audit and Standards Committee

Annual Governance Report

4 November 2021

Recommendation

That the Audit and Standards Committee notes and comments upon the content of the report.

1. Executive Summary

- 1.1 This report has been produced following the meeting of the Audit and Standards Committee on 5 November 2020 which considered the Committee on Standards in Public Life's Local Government Ethical Standards Report. At that meeting the Committee agreed to introduce an Annual Governance Report for consideration by the Committee.
- 1.2 The role of the Audit & Standards Committee is to maintain oversight of internal and external audit matters, the council's arrangements for corporate governance and risk management and any other arrangements for the maintenance of probity.
- 1.3 Alongside this the Committee has a role in maintaining high standards of conduct by councillors and officers, promoting good governance through the behaviours and conduct of members and officers and upholding standards through operation of the Codes of Conduct (member and officer).
- 1.4 There are numerous ways in which the Council maintains strong governance arrangements and demonstrates the high standards of conduct that are required from public servants. These include legal/ regulatory compliance requirements, operation of policies and procedures as well as cultural norms and expectations – all of which fall within the umbrella of upholding and promoting high standards. This report aims to highlight for the Committee the arrangements that are in place to enable the Committee to undertake its assurance role as to the robustness of the governance arrangements that are in place. In producing this report, regard has been had to the practices of other Councils in producing similar reports and the guidance relating to good governance available from bodies such as CIPFA and the Institute of Good Governance.

2. Legal/ Regulatory Compliance

2.1 The Council has in place a series of systems and processes to ensure legal/regulatory compliance. These include (not an exhaustive list):

- The system in place for clearing committee reports to ensure legal and financial compliance.
- The cyclical reporting arrangements for Corporate Board to ensure that regulatory compliance matters are highlighted for consideration by senior officers (eg information requests, data breaches, LGSCO ombudsman outcomes).
- The regular Monitoring Officer briefing highlighting to the Chief Executive and the Strategic Director for Resources any issues of legal concern. This is supplemented by a Statutory Officers Briefing which is provided quarterly and includes issues of finance and legal concern for consideration by the Monitoring Officer, s151 Officer and Chief Executive;
- The annual process for declaring staff interests and the maintenance of a register of interests.
- Declarations of interests by members which are publicly available on the Council's website – the most recent having been completed by all members following the 2021 elections.
- The annual process for declaring third party interests / transactions as required by the external auditors in relation to senior officers
- The process for staff (and newly introduced for members following changes to the Member Code of Conduct) for registering and seeking approval to accept gifts and hospitality. For staff the process is automated through the Your HR system which then triggers a requirement for manager approval. For members the process is operated through Democratic Services. Since its introduction in July 2021, Democratic Services has received one notification from an elected member. At present the system requires members to email any declarations to the team. A system that will enable online declarations via modern.gov by members is under development.
- The whistleblowing procedure was updated in 2019 and is reviewed in light of any legislative or organisational changes. There were two whistleblowing reports received in financial year 2020/21. One was a small value financial matter (below £5000) referenced in the previous Internal Audit report to this committee. The second matter was an HR referral related to a school.
- Approving dispensations for elected members to enable them to take part in meetings where they have certain interests which would

otherwise prevent them from taking part. A Dispensations Sub Committee was held on 25 May 2021 following the May elections.

- Annual reporting of the Leader to the full Council on the use of the Call-In and Urgency procedures in May 2021. There has been one call in within the current financial year related to the decision to close Marle Hall.

2.2 In addition, the Cabinet receives an annual Local Government and Social Care Ombudsman (LGSCO) letter which provides a summary of complaints and findings in relation to the Council. The 2020/21 LGSCO letter was considered by Cabinet at its October meeting.

2.3 The information contained in the letter is publicly available on the LGSCO website. For Warwickshire, in the financial year 2020/21 50 complaints and enquiries were received by the LGSCO. This resulted in 9 investigations by the LGSCO of which, six complaints were upheld and three were not upheld. This gives the council an upheld rate of 67% which is lower than the average for similar local authorities in this period (which was 71%).

2.4 Our performance in relation to LGSCO complaints is reported on a monthly basis to senior officers and to members via the performance monitoring framework and we are now tracking compliance with remedial action to agreed timeframes as this is an area for improvement highlighted in the 2020/21 letter.

2.5 The outcomes of external inspections are also shared with elected members and reported to Cabinet as appropriate. Over the last year the council has received the outcome of the SEND inspection which has been shared with members and made public and is due to be formally presented, together with an action plan, before the end of the year. In addition, the Council's Fire and Rescue Service has been the subject of a HMICFRS inspection. The outcome of this inspection has not yet been made public however it is expected that this will be considered by members towards the end of the year.

3. Policies and Procedures

3.1 The Council's policies are periodically reviewed with member oversight and /or approval where required. Over the course of the year (since November 2020) the following governance related policies/ Codes have been reviewed and updated:

- The Member Code of Conduct- approved by full Council on 1 July 2021, having regard to the new model code published by the Local Government Association;
- Contract Standing Orders – due for consideration by full Council December 2021;
- The risk management framework – considered by Audit and Standards Committee in March 2021 and approved by Cabinet in April 2021;
- Our approach to gender/pay/disability pay gap reporting– approved by the Staff and Pensions Committee in September 2021; and
- Refreshing our pool of independent persons (who are consulted as appropriate in relation to member Code of Conduct complaints). The pool was reviewed, and the membership approved by Council in September 2021.
- Annual Governance Statement – considered by Audit and Standards Committee in June 2021 and November 2021 (post audit) and due for consideration by Council in December.
- Governance arrangements for Warwickshire Property and Development Group Limited and Warwickshire Property and Investment Fund – considered and approved by Cabinet in January 2021 and February 2021
- Financial Regulations and Constitutional updates – due for consideration by Council in December 2021

3.2 In addition, a comprehensive review was undertaken by an external expert in relation to the Council’s scrutiny arrangements. This culminated in a report to this Committee in September 2021 followed by the approval of recommendations to enhance our overview and scrutiny arrangements by the full Council in 2021

3.3 The Council’s constitution is also subject to a current review, along with Financial Regulations to ensure that they are up to date and reflect the operating changes made by the Council during that last two years. These are due to be considered by full Council in December 2021.

4. Organisational Culture

4.1 Culture plays a significant role in ensuring robust governance and high standards of conduct. We in Warwickshire have for many years fostered a culture of mutual trust and respect between officers and members, such that respecting the boundaries of officer and member responsibilities and ‘doing the right thing’ has become expected and common place. The cultural norms and expectations are reinforced through formal documents, such as the

Constitution, through induction and development programmes (for officers and members) and through communications and messaging re-emphasising the behaviours expected across the Council.

- 4.2 The consequence of this, as highlighted previously to the Committee, is that we have a strong track record in relation to member Code of Conduct complaints and receive very few complaints which go on to be investigated and a sanction applied.
- 4.3 In the year end to March 2021, the Council received 10 complaints under the Member Code of Conduct. All complaints were considered in line with the Council's procedure on handling complaints under the Member Code of Conduct and sought the views of an independent person where appropriate. Of the 10 complaints notified, the findings were:
- Code not engaged – one
 - Withdrawn by complainant – four
 - Complaint not upheld – four
 - Upheld - one
- 4.4 The one upheld complaint related to a disclosure of data which was considered to be confidential data contained in an internal briefing pack. The councillor concerned accepted the error and apologised to the Chief Executive.
- 4.5 The Council believes that a strong grounding in the governance procedures of the Council is important for both members and officers. Following the May 2021 elections, a detailed induction package was rolled out to new and prior members. This comprised a two-day virtual induction conference, introducing members to senior officers, key services and important initiatives – including the Council Plan, the Covid Recovery Plans, Warwickshire Property and Development Group Limited and Warwickshire Recovery and Investment Fund. It also included sessions by Finance on the Medium-Term Financial Strategy, Local Government accounting and the Annual Budget process alongside Governance sessions by the Monitoring Officer.
- 4.6 The two-day conference was followed by a series of one-to-two-hour sessions on key areas of delivery by the Council. This was accompanied by more practical sessions on how to make the most of meetings, how to give effective scrutiny and the behaviours expected of Councillors and targeted training for Chairs of Committees and members of specialist bodies such as Regulatory Committee, Overview and Scrutiny and Children's panels.

- 4.7 Member Development continues throughout each municipal year and is supplemented by additional sessions organised by the committees themselves (such as pensions training, planning law updates etc).
- 4.8 There continues to be a broad suite of officer training available via WILMA and a move to more remote and online training to fit with the agile working environment that we are moving into. Training forms part of the roll out of changes systems or policies. For example, the changes to Contract Standing Orders will be followed by training for those affected (and recorded in a way that means they can be returned to later if needed), Information Governance training is being refreshed for an online audience and new Anti-Money Laundering training is being rolled out for those involved in areas such as the Council's property companies and investment funds. Members and officers who are involved in pensions and finance consideration have access to a wide range of training internally and via our external advisers.

5. Financial Implications

- 5.1 There are no financial implications arising from the recommendations in the report.

6. Environmental Implications

- 6.1 There are no direct environmental implications arising from this report.

7. Timescales associated with the decision and next steps

- 7.1 This Report will now be entered into the Forward Plan for Audit & Standards Committee annually, to come to the most appropriate meeting following commencement of a new municipal year.

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The report was circulated to the following members prior to publication:

Local Member(s):

Other members: