

Audit and Standards Committee

3 November 2022

Annual Governance Report

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. The first report was taken to Audit and Standards Committee on 4 November 2021 and it was agreed that a report be taken annually to 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. In addition to this, regular reviews are undertaken to ensure that the governance arrangements in place are working. These include external reviews such as the Local Government Association (LGA) Peer Review and internal officer-led reviews.
- 1.5 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 (this is not an exhaustive list):

- i.) The system in place for clearing Committee reports to ensure legal and financial compliance.
- ii.) The cyclical reporting arrangements for Corporate Board to ensure that regulatory compliance matters are highlighted for consideration by senior officers (e.g. compliance with information requests, data breaches, Local Government and Social Care Ombudsman (LGSCO) outcomes).
- iii.) 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 together with updates on progress of major projects and initiatives for consideration by the Monitoring Officer, s151 Officer and Chief Executive.
- iv.) The annual process for declaring staff interests and the maintenance of a register of interests.
- v.) Declarations of interests by members which are publicly available on the Council's website –These were completed following the 2021 elections but members have more recently been asked to check and update their Declarations of Interest if required.
- vi.) The annual process for declaring third party interests/transactions in relation to senior officers as required by the external auditors.
- vii.) The process for staff (and newly introduced for members since 2021 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 current process is to submit details on a form to the Delivery Lead, Governance Services. Over the course of the last year (since November 2021) three notifications have been received.
- viii.) The whistleblowing procedure was updated in 2019 and is currently being reviewed. A series of complaints were received in the financial year 2021/22 from one individual who claimed to be making whistleblowing disclosures. However, following legal advice, the view was taken that the complaints did not fall within the scope of the Council's policy on whistleblowing.
- ix.) Approving dispensations for elected members to enable to 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. A

further meeting was held on 19 October 2021 in relation to granting dispensations to the Police and Crime Commissioner when attending the Council as a co-opted member for the purposes of section 7 Policing and Crime Act 2017. Training on conduct and dispensations is provided regularly to members and on induction to new members to ensure that they have the information necessary to identify an interest and when a dispensation may be required.

- x.) Annual reporting of the Leader to the full Council on the use of the Call-In and Urgency procedures on 17 May 2022. There were three call-ins in the financial year 2021/22. These related to a Property/Service Review exempt report, a County Parks Fees and Charges 2022/23 report and On-street Parking Management. There were twelve instances of use of the consent to urgency procedure in the financial year 2021/22. This was a reduction on the figures for 2019/20 and 2020/21.
- 2.2 The Cabinet receives an annual review letter from the Local Government and Social Care Ombudsman (LGSCO) which provides a summary of complaints and findings in relation to the Council. The 2021/22 LGSCO letter was considered by Cabinet at its meeting on 8 September 2022.
- 2.3 The information contained in the letter is publicly available on the LGSCO website. In the financial year 2021/22, the LGSCO received 54 complaints and enquiries about Warwickshire County Council. In the same period, the LGSCO made 58 decisions in respect of the Council (which included a number of decisions about complaints received in the previous financial year). In 19 of these 58 cases the LGSCO undertook a full investigation, upholding 14 complaints and not upholding 5. This gives the council an upheld rate of 74% (in relation to all full investigations) which is slightly higher 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 also track compliance with remedial action to agreed timeframes. Two areas for improvement by the Council highlighted in the 2021/22 letter from the LGSCO are:
- i.) the timescales for implementing agreed remedies – while the Council agreed to and implemented recommendations of the LGSCO in 14 cases, in 3 of these cases, these were completed late; and
 - ii.) the response times to inquiries made by the LGSCO – these have fallen short of what the LGSCO expects and the Council has been asked to reflect on this and take steps to reduce avoidable delays.
- 2.5 In terms of reflecting on these two areas for improvements and steps that are being taken to improve them:
- i.) In respect of completing remedies on times – reminders have been sent to staff dealing with LGSCO complaints of the importance of ensuring that timescales that are agreed with the LGSCO are achievable as well as reasonable. Staff have also been asked to ensure that where

possible these timescales are adhered to and where there are issues, timely discussion is had with the LGSCO. Assistant Directors have also been asked to remind their staff of the importance of implementing agreed remedies in their areas within the timescales agreed with the LGSCO.

- ii.) In respect of responses to LGSCO enquiries – reminders have been sent to staff who deal with LGSCO complaints to ensure responses are sent within requested timescales. In addition to this, consideration is being given to whether initial enquiries, which require a quick turn-around, can be dealt with centrally. It is hoped that in addition to reducing delays, this will also give the team coordinating LGSCO complaints a better overview of response times.

2.6 The outcomes of external inspections and reviews are also shared with elected members and reported to Cabinet as appropriate:

- i.) The Council's Children's Services were subject to an Ofsted inspection between November and December 2021. On 1 February 2022 Ofsted published their inspection report grading Warwickshire as 'good' in all areas. A report was taken to Cabinet on 12 April 2022 asking Cabinet to consider and comment upon the strengths and areas for improvement identified by Ofsted in the report and also to endorse an action plan. Further details about that inspection can be seen in the Cabinet report.
- ii.) The Council's Fire and Rescue Service (WFRS) was the subject of a HMICFRS inspection between February and March 2021. A report detailing the outcome of this inspection was publicly released on 12 January 2022. HMICFRS grade every Fire and Rescue Service against three pillars: Efficiency, Effectiveness and People. There are four gradings that are used: Outstanding, Good, Requires Improvement and Inadequate. WFRS was graded as requiring improvement in all areas and a report was taken to Cabinet on 17 February 2022 asking Cabinet to consider and comment upon the report and to consider and endorse an action plan. Further details about that inspection can be seen in the Cabinet report.
- iii.) In March 2022 the Local Government Association (LGA) undertook a Peer Challenge of the Council. A Peer Challenge sets out to support and offer a series of recommendations for the Council to consider in the context of its own culture, priorities and future vision designed to give content for consideration. They are not mandatory but intended for the Council's consideration. A report was published by the LGA in June 2022 and was very positive, noting that this is a Council "that is ambitious both for the county of Warwickshire and in relation to how the organisation operates." A report was taken to Cabinet on 16 June 2022 asking Cabinet to consider the LGA Peer Challenge report and to authorise the Chief Executive, in consultation with the Leader, to develop an action plan to address the themes identified by the Peer Challenge. Further details about the Peer Challenge can be seen in the Cabinet report.

- iv.) The Council's professional support services have continued to be considered effective by professional regulators. For example, Legal Services was inspected as part of the Law Society's Lexcel accreditation process. The report found no non-compliances and identified 18 areas of good practice. It was noted that it is unusual for there not to be any non-compliances (even minor non-compliances) in these accreditation processes and the result was therefore excellent.

3. Policies and Procedures

- 3.1 The Council's policies are periodically reviewed with member oversight and/or approval where required by the constitution. Over the course of the year the following governance related policies/Codes have been or are in the process of being reviewed and updated:
 - i.) Anti-Money Laundering Policy and Procedure – approved in September 2021
 - ii.) Financial Regulations and Constitutional updates – approved by full Council in December 2021 and further amendments to the delegations to officers approved by Council in September 2022.
 - iii.) Annual Governance Statement – approved by Council in December 2021 following consideration by this committee in November 2021.
 - iv.) Contract Standing Orders – approved by full Council in December 2021.
 - v.) Modern Slavery Policy – approved by Cabinet in July 2022.
 - vi.) Whistleblowing Policy – last reviewed in 2019 and currently under review.
 - vii.) Consultation Framework – approved in December 2016 and a Co-production Framework was approved in July 2022.
 - viii.) Health and Safety annual report and strategic objectives – approved Staff & Pensions Committee 5 October 2022
 - ix.) Health and Safety Framework – currently in consultation – due for publication November/December 2022
- 3.2 Along with the development of the Council Plan which was approved by the Council in February 2022 a new Strategy Framework has been developed to provide oversight and consistency to strategy development and maximise connections between strategies.
- 3.3 In addition to the above, officers continue to keep legislative changes and all aspects of governance under review to identify any areas requiring action. Any changes would progress through Committees as required by the Constitution.

4. Organisational Culture

- 4.1 Culture plays a significant role in ensuring robust governance and high standards of conduct. For many years officers and members have fostered a culture of mutual trust and respect, 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 2022, the Council received 4 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 complaints notified, one is still being considered. In respect of the remaining 3 the findings were all ‘Code not engaged’.
- 4.4 Last year the Committee asked whether comparative figures could be provided from other local authorities on complaints against members. Below are some figures from a sample of county councils to give the Committee an idea of how Warwickshire compares:

Council	Period	No. complaints against elected Members	Breakdown of outcomes (where available)
Council A	April 2021- March 2022	8	3 = No action taken 5 = Written apology, no formal action
Council B	June 2021- June 2022	11	8 = No breach of code 3 = under consideration
Council C	July 2021- September 2022	8	3 = Complaint outside of the scope of the Code 2= Complaint did not meet threshold for further investigation as set out in the ‘initial test’ 2 = Complaint resolved informally 1 = Complaint considered by Member conduct panel – with no finding of breach of code
Council D	January	5	1 = dealt with informally

Council	Period	No. complaints against elected Members	Breakdown of outcomes (where available)
	2021-December 2021		1 = full investigation but no breach of code found 3 = did not meet the criteria for full investigation as the substance of the complaint was not a matter that, if substantiated, would amount to a breach of the code

- 4.5 The Council believes that a strong grounding in the governance procedures of the Council is important for both members and officers.
- 4.6 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). The member development programme is kept under continuous review to ensure it is fit for purpose and provides members with updates on legislation, governance and practical skills (such as how to get the best from scrutiny, how to be a good Chair etc) and also on key initiatives, strategies and areas of focus for specific service areas. At the commencement of the municipal year, the plan is updated, and consideration given to areas requiring additional focus and support – this is done by Democratic Services through discussions with service areas, and committees, and by surveying officers and members for their suggestions. Members are also provided with opportunities to attend relevant annual conferences.
- 4.7 A broad suite of officer training is available via the Council’s Learning Hub with continued emphasis on providing remote and online training to fit with our agile working environment. Training forms part of the roll out of changes to any systems or policies to ensure officers are aware of changes and feel confident to comply with them. Those with specific roles or where there are regulatory requirements for training and accreditation are also catered for – for example, those involved in activities to which the Regulation of Investigatory Powers Act apply received updated training and accreditation, alongside service-based training to ensure the continued professional competence and development of staff. In addition, following the introduction of a new Anti-Money Laundering Policy and Procedure in September 2021 following the establishment of the Warwickshire Recovery Investment Fund (WRIF), training was provided to all key officers involved in the investing and lending activities of the WRIF so that they were fully aware of the risks of money laundering and are aware of the procedures that are in place to ensure the Council and its officers comply with the more onerous anti-money laundering requirements as a result of the activity the WRIF is undertaking.

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 Any comments from the Committee about the contents or presentation of this report will be considered for next year's annual report.

Appendices

None

Background Papers

None

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

Local Member(s): Not required, County wide report

Other members: