

# **Audit and Standards Committee**

**30 November 2023**

## **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 since then a report has been brought 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. It also considered learning from recent examples of Councils experiencing governance challenges.

## **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):

- 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 weekly Monitoring Officer briefing highlighting to the Chief Executive and the Executive Director for Resources any issues of legal concern. This is supplemented by a Statutory Officers Briefing which is provided for the Statutory Officers Meeting which is held on a monthly basis 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, subject to approved exceptions. Members were last reminded to check and update their entries following the Annual General Meeting in May 2023.
- vi.) The annual process for declaring third party interests/transactions as required by the external auditors in relation to senior officers.
- vii.) The process for staff (and 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. The policy and procedure have been updated within the last year including the introduction of more regular periodic reminders for staff to familiarise themselves with the requirements and update the register. For members the current process is to submit details on a form to Democratic Services. Over the course of the last year (since November 2022) 20 notifications in respect of gifts and hospitality have been received from elected members.

- viii.) Within the last year, the whistleblowing procedure has been updated and minor modifications approved. In the financial year 2022/23 one concern was raised through this procedure relating to concerns from an employee of a company of which the Council is a member, relating to treatment that the employee alleged they had been subjected to by their employer. However, as the allegations were about the employing company's actions rather than the Council's actions it was considered inappropriate for the Council to investigate it under its Whistleblowing policy. However, necessary steps were taken to ensure that the complaint was properly investigated and dealt with by the employing company.
- 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. We refresh the general dispensations every 4 years following the election cycle. These allow members who are also District/ Borough councillors to take part in meetings and councillors who are in the same position as residents (for example they have a child at school/they are in receipt of a pension) to also take part in meetings. Other more specific dispensation requests are made to the Dispensations Sub Committee from time to time on a case-by-case basis as required. 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.) An annual report of the Leader was taken to the full Council on the use of the Call-In and Urgency procedures on 16 May 2023. There was one call-in in the financial year 2022/23. This related to the implementation of 20mph speed limits. There were eleven instances of use of the consent to urgency procedure in the financial year 2022/23. This is a reduction on the figures for 2020/21 and 2021/22.

2.2 In addition, 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 2022/23 LGSCO letter was considered by Cabinet at its meeting on 14 September 2023.

2.3 The information contained in the letter is publicly available on the LGSCO website.<sup>1</sup> For Warwickshire, in the financial year 2022/23 59 complaints and enquiries were received by the LGSCO about the Council. In the same period, the LGSCO made 63 decisions in respect of the Council (which included a number of decisions about complaints received in the previous financial year). In 15 of these 63 cases the LGSCO undertook a full investigation, upholding 11 complaints and not upholding four. This gives the council an upheld rate of 73% (in relation to all full investigations) which was

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<sup>1</sup> [warwickshire county council.pdf \(lgo.org.uk\)](https://www.lgo.org.uk/warwickshire-county-council.pdf)

lower than the average for similar local authorities in the same period (which was 80%).

- 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.
- 2.5 The LGSCO is in the process of consulting on a joint Complaint Handling Code with the Housing Ombudsman which is anticipated to constitute statutory guidance and therefore must be considered by local authorities. A response is being prepared to this consultation. If the Code is implemented it may have some implications for the way performance in relation to complaints is reported within the Council.
- 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 Fire and Rescue Service (WFRS) was the subject of a HMICFRS (His Majesty's Inspectorate of Constabulary and Fire & Rescue Services) inspection in March 2023 over a 10-week period. This was the third full inspection since the inception of the HMICFRS, the previous one being carried out in 2021. Following the recent inspection, WFRS has significantly reduced the number of Causes of Concern (from three in 2021 to one in 2023) and Areas for Improvement (from 41 in 2021 to 26 in 2023). WFRS also received recognition for innovative practise for some of the Leadership Work that has been rolled out. The full report was published by HMICFRS on 13 September 2023<sup>2</sup> and a verbal update was provided to the Resources and Fire & Rescue Overview and Scrutiny Committee who met on that day. A report was considered by the Council's Cabinet on 9 November 2023 detailing the findings of the report.
  - ii.) The Council's Children's Service was subject to an Ofsted focused visit in March 2023 looking at the at the Council's arrangements for care-experienced young people. The report that was published by Ofsted on 9 May 2023<sup>3</sup> found that since the last inspection in 2021, there has continued to be an effective focus on improving services for care-experienced young people by senior leaders, elected members, and partner agencies. The report also noted that care-experienced young people who were formerly unaccompanied asylum-seeking children receive an exceptional service in Warwickshire. A verbal update was given to the Council's Corporate Parenting Panel on 15 May 2023.
  - iii.) The Council's professional support services have continued to be considered effective by professional regulators. For example, Legal

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<sup>2</sup> [Effectiveness, efficiency and people 2023/25 – Warwickshire Fire and Rescue Service - His Majesty's Inspectorate of Constabulary and Fire & Rescue Services \(justiceinspectores.gov.uk\)](#)

<sup>3</sup> [50215916 \(ofsted.gov.uk\)](#)

Services was inspected as part of the Law Society's Lexcel accreditation process in July 2023. The report found the result to be "excellent" with only one minor non-compliance present with evidence of corrective action identified and dealt with during the assessment and therefore no further action was required. The assessment identified several areas of good practice and the inspector gave thanks to those staff involved for their preparation and engagement during the assessment process. The outcome of the assessment was that Warwickshire Legal Services be recognised with ongoing Lexcel certification and to Lexcel v6.1 of the Lexcel practice management standard for the 24<sup>th</sup> consecutive year.

- 2.7 The Council's internal audit team undertakes a programme of audits in line with its Internal Audit Plan which is approved by this Committee each year. Reports on the outcomes of audits undertaken are brought to the Committee for information throughout the year and an Annual Report is produced. In the last year an audit looking at the arrangements in place at the Council covering Anti-Money Laundering (AML) and Ethics on Anti was conducted finding that overall, the controls in place are satisfactory and operating effectively in respect of the agreed scope of the audit. The audit concluded that substantial assurance can be given on the effective operation of internal controls in relation to the objectives and scope of the review.

### **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 (since November 2022) the following governance related policies/Codes have been or are in the process of being reviewed and updated:
- i.) Health and Safety Framework – this comprises of 3 distinct governance documents: (1) the Corporate Health and Safety Commitment Statement; (2) the Health and Safety Roles, Responsibilities and Accountability arrangements; and (3) the Management of Health and Safety Arrangements to meet 45001 management standards. Stakeholders are currently being engaged and following this Corporate Board approval will be sought (November 2023). Once approved, the management arrangements (3) will be published which will complete the framework.
  - ii.) Organisational structure and Constitutional update – approved by full Council on 26 September 2023.
  - iii.) Staff Code of Conduct – was updated and approval confirmed by full Council on 26<sup>th</sup> September 2023 as part of the above report.
  - iv.) Modern Slavery and Human Trafficking Statement – approved by Cabinet in July 2023.

- v.) Staff Gifts and Hospitality Policy and Procedure – updated and approved by the Director of Strategy, Planning and Governance in May 2023.
- vi.) Whistleblowing Policy and Procedure – updated and approved by the Director of Strategy, Planning and Governance in November 2023.
- vii.) Annual Governance Statement – approved by Council in February 2023 following consideration by this committee in November 2022.
- viii.) Anti-Money Laundering Policy and Procedure – due to be reviewed before the end of April 2024.
- ix.) Surveillance Camera Technologies Policy and Procedure – due to be reviewed in the upcoming year.
- x.) Petitions Scheme – updated and considered by Cabinet on 9<sup>th</sup> November 2023. Due to be considered by Council for approval December 2023.
- xi.) Procurement Act – given Royal Assent on 26<sup>th</sup> October 2023 with an expected implementation date of October 2024. Officers are currently working on the practical application of the Act and any changes required to Contract Standing Orders will be brought to the Committee and to full Council for approval in due course.

3.2 In addition, 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. Warwickshire has 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. Annual training is offered for members on the Code of Conduct covering aspects such as declarations of interests, gifts and hospitality, bias and predetermination and standards of behaviour. The complaints process is also covered and scenarios are provided for attendees to discuss. The session was held in October this year and around 13 elected members attended. The session was also recorded to be made available to those who were unable to attend.

- 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 1 April 2022 to March 2023, the Council’s Monitoring Officer received four 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. Two of these complaints were included in the Annual Governance Report for 2022 brought to this Committee on 3 November 2022. Of the two complaints notified since then, the findings were:
- i.) **Code not engaged** – regarding a councillor’s behaviour when performing their role on an outside body and therefore not acting in their role as a councillor; and
  - ii.) **Resolved informally** – regarding the conduct of a councillor in a meeting.
- 4.4 In 2021 the Committee asked whether comparative figures could be provided from other local authorities on complaints against members. Below are some figures for a number of county councils to give the Committee an idea of how Warwickshire compares. This shows that complaints against members in Warwickshire are relatively low compared to these other county councils:

<b>Council</b>	<b>Period</b>	<b>Number of complaints against elected members</b>	<b>Breakdown of outcomes (where available)</b>
Council A	April 2022 – March 2023	24	22 = No action taken 2 = Written apology, no formal action
Council B	June 2022 – June 2023	15	11 = No breaches of the Code 1 = not entered into process as complainant was not directly affected by the alleged actions of the member concerned. 1 = closed due to change in circumstances 1 = under consideration. 1 = awaiting processing
Council C	July 2022- June 2023	8	1 = complaint withdrawn 5 = (2 in relation to one member from the same complainant) complaint outside scope of code 1 = complaint resolved informally

Council D	January 2022 – December 2022	13	5 = outside code 5 = rejected following initial assessment 1 = investigated and resolved informally by written apology to member of staff 1 = investigated and councillor agreed to provide written apology 1 = being assessed at time of report

- 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). Eight training sessions for the Regulatory Committee, including ones on Levelling Up and Planning, Highways and the Planning Process and Flood Risk Management, took place between January 2023 and November 2023 with a session on Enforcement scheduled for December. Twenty-one general training sessions for members on a variety of topics have taken place between September 2022 and November 2023, including sessions on Finance, Cost of Living and a training session on the Members' Code of Conduct which was delivered by Legal Services. Sessions on a number of topics including Procurement and Subsidy Control, OFSTED inspections of schools and Information Compliance are due to be scheduled. The member development programme is kept constantly under 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.
- 4.7 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.
- 4.8 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 the agile working environment that we work in. 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, key officers involved in the investing and lending activities of the Warwickshire Recovery Investment Fund (WRIF) were provided with updated training in May 2023 in relation to Anti-Money Laundering (AML) to ensure that they are aware of our legal obligations and of the requirements of the Council’s AML Policy and Procedure.

- 4.9 Following the Governance Stocktake that was undertaken on behalf of the Council’s Monitoring Officer (the Director of Strategy, Planning and Governance) towards the end of 2022/beginning of 2023, training sessions on governance, in particular around member decision making and the procedures that have to be followed, were provided to senior officers (tier 4 and above) across the Council by the Governance Legal Team. Around 18 sessions were delivered between January 2023 and September 2023 and work is being undertaken with Human Resources Organisational Development (HROD) colleagues to develop this training session into something that can be offered on the Council’s Learning Hub.

## **5. Financial Implications**

- 5.1 There are no direct 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**

1. None

## **Background Papers**

1. None

	<b>Name</b>	<b>Contact Information</b>
Report Author	Sioned Harper, Senior Solicitor, Governance	<a href="mailto:sionedharper@warwickshire.gov.uk">sionedharper@warwickshire.gov.uk</a>
Assistant Director	Sarah Duxbury, Director of Strategy, Planning and Governance	<a href="mailto:sarahduxbury@warwickshire.gov.uk">sarahduxbury@warwickshire.gov.uk</a>
Strategic Director	Rob Powell Executive Director for Resources	<a href="mailto:robpowell@warwickshire.gov.uk">robpowell@warwickshire.gov.uk</a>
Portfolio Holder	Councillor Yousef Dahmash Portfolio Holder for Customer and Transformation	<a href="mailto:yousefdamash@warwickshire.gov.uk">yousefdamash@warwickshire.gov.uk</a>

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

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

Other members: No other Members were consulted in the preparation of this report.