

# **Audit and Standards Committee**

**28 November 2024**

## **Annual Governance Report**

### **Recommendation**

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

### **1. Executive Summary**

- 1.1 The role of the Audit and 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.
- 1.2 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).
- 1.3 Since 2021, an Annual Governance Report has been brought to Audit and Standards Committee to highlight the arrangements that are in place at the Council to ensure good governance.
- 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 guidance relating to good governance available from bodies such as the LGA, CIPFA and the Good Governance Institute. Learning from recent examples of Councils experiencing governance challenges has also been considered. Finally, the Code of Practice for Good Governance for Local Authority Statutory Officers, which was published by SOLACE, CIPFA and the LLG in June 2024 has also been

considered. The Code of Practice provides advice and sets expectations for local government's three statutory roles of Head of Paid Service, Chief Finance Officer (Section 151 Officer), and Monitoring Officer.

## **2. Financial Implications**

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

## **3. Environmental Implications**

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

## **4. Supporting Information**

### **Legal and Regulatory Compliance**

- 4.1 The Council has in place a series of systems and processes to ensure legal/regulatory compliance. These include (not an exhaustive list):
- 4.1.1 The system in place for clearing committee reports to ensure legal and financial compliance.
  - 4.1.2 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).
  - 4.1.3 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 monthly and includes issues of finance and legal concern together with updates on progress of major projects and initiatives for consideration by the Monitoring Officer, Section 151 Officer, and Chief Executive.
  - 4.1.4 The annual process for declaring staff interests and the maintenance of a register of interests.
  - 4.1.5 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 (AGM) in May 2024 and are reminded at least annually after each AGM to do so.
  - 4.1.6 The annual process for declaring third party interests/transactions as required by the external auditors in relation to senior officers.

- 4.1.7 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 for staff were updated in May 2023 and a reminder of the process for declaring gifts and hospitality was given to staff in January 2024 during the annual “Do the Right Thing Week” where articles are published on the intranet on each day of the week raising awareness of important rules, policies and procedures (and any changes to them) that the Council has in place to ensure good corporate governance. For members the current process is to submit details on a form to Democratic Services. Over the course of the last year (since November 2023) no notifications in respect of gifts and hospitality have been received from elected members.
- 4.1.8 In November 2023 the whistleblowing procedure was updated and minor modifications approved, including refreshing the list of Whistleblowing Advisers. Whistleblowing Advisers are staff in each Directorate who can be approached by staff wishing to raise a whistleblowing concern, if they do not feel comfortable raising it with their manager. They are also able to give advice on the process of raising a concern under the procedure. Training was provided to the Whistleblowing Advisers in April 2024 and further guidance is currently being produced for them. A central record is now held containing anonymised details of all concerns raised under the Whistleblowing Procedure. In the financial year 2023/24 one concern was raised under this procedure by a member of staff in respect of alleged bullying and fraud. The matter is still being investigated.
- 4.1.9 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, is a standard agenda item on all committee meetings. The general dispensations are refreshed every four 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. In September 2024 following his reappointment as a co-opted member of the full Council for the purposes of Section 7 of the Policing and Crime Act 2017 (emergency services collaboration) the same dispensations were granted to the Police and Crime Commissioner that have been granted to other elected county councillors to enable him to fulfil his role. 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.

- 4.1.10 An annual report of the Leader was taken to the full Council on the use of the Call-In and Urgency procedures on 14 May 2024. There were no call-ins during the period of May 2023 to April 2024 which was a reduction in comparison to previous years. There were eleven instances of use of the consent to urgency procedure in the financial year 2023/24 which was the same as the previous year but a reduction on the figures for 2020/21 and 2021/22. Details of those cases where the urgency procedure was used can be found in the report that was taken to Council on [14 May 2024](#).
- 4.2 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 2023/24 LGSCO Annual Letter was considered by Cabinet at its meeting on [5 September 2024](#). The information contained in the letter is publicly available on the LGSCO website. In 2023/24 the LGSCO made 79 decisions in respect of Warwickshire County Council. Of those 79 decisions, the LGSCO decided to undertake a detailed investigation into 21 cases and of those 21 cases the LGSCO upheld 14 complaints, not upholding the remaining 7 complaints giving the Council an upheld rate of 67% for the year 2023/24 which is lower than the average for county councils (85%) in the same period. The LGSCO has also started measuring how many complaints it upholds per 100,000 residents of an area to make comparing between areas easier. For 2023/24 the rate for Warwickshire was 2.3 upheld complaints per 100,000 residents, which was lower compared to the average for all county councils, which was 4.5 per 100,000 residents. The Office for Local Government (OFLOG) is also using this data as part of its reporting on the performance of local authorities. The Council's performance in relation to LGSCO complaints is reported monthly via the Performance Reporting System and to members quarterly via the performance monitoring framework and compliance with remedial action agreed with the LGSCO is also tracked in Legal Services.
- 4.3 In Autumn 2023, the LGSCO with the Housing Ombudsman, consulted on a joint Complaint Handling Code, a consultation to which this Council responded. Following consultation, the two Ombudsmen decided against a joint Code and instead issued two Codes which are based on a unified set of principles. The LGSCO Complaint Handling Code was published in February 2024 and became effective from April 2024. The Code is not mandatory, however local authorities will be expected to take the Code into consideration as a form of guidance when creating policies and procedures. The draft Code was taken into account when the Council's Complaints Policy was revised earlier this year (approved by Cabinet in February 2024) as the final version of the Code was not ready at that point. Work is therefore currently being undertaken to ensure that the revised Complaints Policy and the Council's existing procedures and practices align with the final version of the Code.
- 4.4 The outcomes of external inspections and reviews are also shared with elected members and reported to Cabinet as appropriate. In addition, any reviews undertaken by professional regulators in respect of specific service

areas are used as a mechanism of external validation and to support service improvement:

- 4.4.1 In February 2024, Warwickshire Fire and Rescue Service (WFRS) had a revisit inspection from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) following a cause of concern that was issued to WFRS in September 2023. On 15 March 2024, HMICFRS issued a letter to WFRS with an update on its findings which stated that overall they were pleased to see the significant steps the service had taken in response to the cause of concern. They found that whilst good progress has been made, there is still more work to do and would be returning to WFRS in September 2024 to assess whether the service has made satisfactory progress with its action plan and if the service provided to the public has improved. This visit has since been postponed by HMICFRS until February. The letter from HMICFRS can be read [here](#).
- 4.4.2 In July 2024, Warwickshire Legal Services (WLS) was inspected as part of the Law Society's Lexcel accreditation process with the result that it was awarded with LEXCEL 6.1, the latest version of the professional legal practice accreditation. It is the 25<sup>th</sup> year that the service has achieved this endorsement of excellence. The assessment report highlighted that WLS delivers good practice across many areas of its work. For example, the Service's approach to strategic planning was described as "meticulous", its approach to risk management "robust", its client care "excellent" and file and case management "excellent" and "easy to navigate and user-friendly" for staff. The assessment report also highlighted that WLS has a positive approach to supporting with staff health and wellbeing, and staff reiterated this in interviews that feeling valued made them more motivated and prepared to go the extra mile for the Council when required.
- 4.5 Internal Audit is required by professional standards to deliver an annual internal audit opinion and report to those charged with governance. 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. The outcome of the majority of 2023-24 audits (87%) had higher levels of assurance, having a moderate, substantial or full opinion, although this metric is not a reliable measure of performance as the distribution of audit opinions in part reflects the level of risks selected in the programme. The limited assurance reports related to specific areas rather than representing a widespread weakness in the control environment. Final reports include agreed action plans to address control weaknesses and the key issues arising from limited opinion audits were reported to the Audit & Standards Committee. Based upon the results of work undertaken during 2023-24 the opinion of the Internal Audit Manager was that the Authority's governance, control and risk management provided Moderate assurance that the significant risks facing the Authority are addressed.

- 4.6 There were 519 data breaches/incidents reported to the Council's data breach team in 2023/24. This was an increase of 14% compared to the numbers reported in 2022/23. Most breaches reported continue to be due to human error and occur in the services handling the highest volume of sensitive personal data, such as information relating to children's social care. One breach was reported to the Information Commissioner's Office (ICO) in this period. It is of note that there has been a broader communications drive to raise awareness of the data breach reporting requirements and this may in part have contributed to the increase in numbers reported which is a positive. However, there are indications from those reporting the breaches that volume of demand may also have contributed to the increase. Nevertheless, the vast majority of the breaches (89% of those assessed in 2023/24 compared to 87% in the previous financial year) remain at a green risk level meaning that the incident has not resulted in a risk of harm to the rights and freedoms of individuals and therefore does not require consideration for reporting to the ICO. Areas for improvement include strengthening the processes for sending out sensitive personal data to ensure that information is not sent to incorrect recipients. In addition, recommendations have been made to ensure that documents containing sensitive personal data are checked before they are shared with people to avoid personal data being inappropriately shared. All staff are also regularly reminded to complete the mandatory Information Compliance e-learning module to ensure they are aware of the Council's responsibilities in relation to the handling of personal data.
- 4.7 The Council continues to receive increased numbers of Subject Access Requests (SARs). SARs are requests for information held about an individual. In 2023/24 there were 400 SARs received and an equal number responded to. In the current financial year to October 2024, 352 requests were received and 374 requests were processed and responded to, meaning the figure of 400 for 2023/24 is likely to be exceeded this year. The data we collate in relation to SARs illustrates a continuing increase year on-year in demand, but encouragingly it also shows that the response and closure rates, which have been challenging, particularly taking into account the impact of Covid, are improving significantly. Officers are also considering ways that the process can be made more efficient with the use of technology and administration support. The Council continues to liaise with the ICO in respect of our performance in relation to SARs and data breaches more generally and they have indicated that they are satisfied with the service improvement steps that we are taking.

## **Policy and Procedures**

- 4.8 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 2023) the following governance related policies/Codes have been reviewed and updated:
- 4.8.1 Customer Complaints Policy and associated procedures approved by Cabinet on 15 February 2024;
  - 4.8.2 Modern Slavery and Human Trafficking Statement – approved by Cabinet on 5 September 2024;
  - 4.8.3 Anti-Money Laundering Policy and Procedure – approved by the Executive Director for Resources in October 2024;
  - 4.8.4 Several Human Resources policies have been revised this year, including the Attendance at Work policy which was refreshed in July 2024 to provide clearer guidance on managing short and long-term absence and outline the support available to staff;
  - 4.8.5 Several Health and Safety at Work policies procedures and standards have been refreshed throughout the year including: the Driving at Work standard, the Health and Safety Policy Statement and the Health and Safety Roles, Responsibilities and Accountability arrangements documents and the Risk Assessment standard.
- 4.9 The Council's Contract Standing Orders are also currently being reviewed in light of changes required by the Procurement Act 2023 which will now come into force on 24 February 2025 with any changes being taken to full Council to approve.
- 4.10 In addition, officers continue to keep legislative changes and all aspects of governance under review to identify any areas requiring action. A focussed group within Legal Services tracks legislation and proposed legislation to identify upcoming changes of relevance to the Council. Any changes would progress through member decision making bodies as required by the Constitution.

## **Organisational Culture**

- 4.11 Culture plays a significant role in ensuring robust governance and high standards of conduct. For many years the Council has 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, standards of behaviour, and from 2024, SEND related training. The complaints process is

also covered and scenarios are provided for attendees to discuss. The session was last held 26 October 2023. There will be a further session as part of the induction for new members in May 2025 which will be open to all members (new and returning). The intention remains to run the session annually for all members.

- 4.12 In the year April 2023 to March 2024, the Council's Monitoring Officer received 312 complaints under the Member's Code of Conduct. 308 of these complaints related to comments made by three elected members at the Children and Young People Overview and Scrutiny Committee meeting of 25 January 2024. Due to the number of complaints received in relation to this meeting, the Monitoring Officer commissioned independent external solicitors to undertake the investigation on their behalf and members of the public were kept up to date via the Council's website. The Investigator concluded that there had been no breach of the Code of Conduct in all three cases and, taking into account the views of the Independent Person, the Monitoring Officer accepted these findings.
- 4.13 The details and outcomes of the remaining four complaints received in 2023/2024 are as follows:
  - 4.13.1 Complaint received in May 2023 – complaint about social media content posted by a councillor – Code not engaged, political opinion expressed, majority not within required timeframes;
  - 4.13.2 Complaint received in October 2023 – complaint about behaviour of a councillor – Code was not engaged as the complaint was made anonymously with insufficient details to enable it to be considered further;
  - 4.13.3 Complaint received in February 2024 – complaint about behaviour of a councillor – resolved informally with an apology;
  - 4.13.4 Complaint received in February 2024 – complaint about comments made at a committee meeting – investigated but no breach of the Code found.
- 4.14 The Council believes that a strong grounding in the governance procedures of the Council is important for both members and officers. 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, audit and standards updates etc). Since November 2023 members have received training including the following sessions, in addition to bespoke sessions as relevant to specific committees such as Regulatory Committee:
  - 4.14.1 Recruitment refresh;
  - 4.14.2 SEND Awareness;
  - 4.14.3 Warwickshire Rights of Way Improvement Plan;
  - 4.14.4 CQC and the Care Act;
  - 4.14.5 Extreme Weather Events;
  - 4.14.6 School Attendance and Non-Attendance;
  - 4.14.7 Children and Adolescent Mental Health Services (CAMHS);



- 4.14.8 Children and Family Centres; and
- 4.14.9 Suicide Prevention and Mental Health and Wellbeing at WCC.

- 4.15 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. Planning is underway in respect of the induction programme for members following the May 2025 elections. Training opportunities will focus on a mix of topics considered essential for members together with development topics to enable members to build a comprehensive training portfolio that suits their interests and areas of focus/committee roles. These sessions will be open to all members and supplemented with a selection of refresher and development topics. Some sessions will be mandatory.
- 4.16 At the commencement of each municipal year, the member development programme 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.
- 4.17 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, key officers involved in the investing and lending activities of the Warwickshire Investment Fund (WIF) were provided with updated training in June 2024 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.
- 4.18 Following the success of the Governance Stocktake exercise that was undertaken in 2022 and reported to Corporate Board in February 2023, a further stocktake exercise is due to be undertaken in early 2025, the results of which will be reported to Corporate Board with recommendations to ensure strengths can be built on and improvements made. In addition, a self-assessment is due to be undertaken by the Audit and Standards Committee in March 2025 in line with CIPFA good practice and guidance. This will help the Committee to assess its own effectiveness and provide a useful basis for future actions.

## Timescales associated with the decision and next steps

4.19 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

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

Local Member(s): Not required, countywide report.

Other members: Councillor Yousef Dahmash