

**ANNUAL GOVERNANCE STATEMENT 2019/20**

**1. Scope of Responsibility**

Woking Borough Council (The Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Authority 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 discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk and the system of internal control.

The Authority has approved and adopted arrangements for corporate governance, which are consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The framework consists of 7 core principles each with sub principles. These are considered in more detail in section 3.

This statement explains how the Authority meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(a), which requires all relevant bodies to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. This Statement is prepared in accordance with proper practices in relation to accounts.

**2. The purpose of the governance framework**

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. To deliver good governance in the public sector, governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.

The governance framework comprises the systems and processes, culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The quality of governance arrangements underpins the levels of trust in public services and is therefore fundamental to the Authority's relationship to customers and residents. Trust in public services is also influenced by the quality of services received and also by how open and honest an Authority is about its activities.

A framework for the implementation of good governance allows the Authority to be clear about its approach to discharging its responsibilities and to promote this internally, to officers and members and externally to partners, stakeholders and residents.

The arrangements required for gathering assurances for the preparation of the Annual Governance Statement provide an opportunity for the Authority to consider the robustness of the governance arrangements in place and to consider this as a corporate issue that affects all parts of the Authority. It also helps to highlight those areas where improvement is required which are contained in the improvement plan.

The governance framework has been in place at the Authority for the year ended 31 March 2020 and up to the date of approval of the annual report and statement of accounts.

The key elements of the systems and processes that comprise the Authority's governance arrangements are documented in a detailed supporting analysis. The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework.

The review of effectiveness is informed by the work of the Corporate Management Group and Senior Managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report, and by comments made by the external auditors and other review agencies and inspectorates. The Corporate Management Group review the arrangements and provide an assurance that the Authority is operating within local and statutory frameworks. The group has approved this statement.

### **3. Covid-19**

The national lockdown as a result of the Coronavirus pandemic in March 2020 has required the Council to review the governance framework in particular in the context of remote working and virtual meetings.

During this period there has been a weekly virtual meeting of the political Group Leaders and the Corporate Management Group. This enabled the Groups to be updated on the response to the crisis and to be consulted on changes.

The government enacted the Coronavirus Act 2020 and issued two regulations relevant to the Council; one to cancel elections until May 2021 and the other to change meetings arrangements to enable virtual meetings.

In April 2020 an Addendum to the Constitution was agreed by the Group Leaders. This covered the arrangements for virtual meetings including:

- Papers for meetings published electronically;
- Speaking arrangements and time limits;
- Voting;
- Timescales for Questions to Council and Answers; and
- Public Speaking at Planning Committee

As a result of the cancellation of elections, all appointments remain in place for a further year, this applies to membership and roles of the Executive, Committees, Task Groups and Working Groups, as well as all appointments to external bodies. The Mayor and Deputy Mayor also remain in place for another year.

An informal Council meeting was held on 7 May using Zoom where the detail of these changes was reported.

The Borough Emergency Control Centre was set up on 23<sup>rd</sup> March 2020 to manage the Council's response to the pandemic. This ensured efficiency communications with members

of CMG and other colleagues in a fast moving environment. The Centre was operated by 2 separate officer teams providing resilience to the 24 hours a day 7 days a week coverage.

#### **4. The Governance Framework**

##### **Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

There is a comprehensive staff handbook and Behaviour and Skills Framework setting out the Authority's expectations regarding behaviour and the procedures for non compliance. Staff are made aware, through induction and the performance management framework, of the Authority's expectations in terms of standards of behaviour and compliance with agreed policies and codes of conduct.

There is also a Members' Code of Conduct which sets out the standards of behaviour to be followed by Members. Both codes take into account 'The Seven Principles of Public Life' which are included in the Localism Act 2011. The principles are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

The Authority is clear about its leadership responsibilities for services, whether provided directly, through partners or third parties. We work closely with partners and influence third parties to make sure they deliver to agreed levels of quality and are accountable for what they do.

We have a clear commitment to ensure services deliver an appropriate combination of quality, value and choice to the community.

There is a complaints procedure which provides for a response from the service manager and allows for the complainant to appeal. Complainants are advised of their right to refer the matter to the Local Government Ombudsman, Housing Ombudsman or Information Commissioner as appropriate. This is publicised in the offices and on our website.

Complaints submitted under the Members Code of Conduct are reported to the Standards and Audit Committee which also receives regular reports on complaints which have been referred to the Ombudsman. The Arrangements for dealing with complaints made by Members against other Members were reviewed during the year and a new protocol was agreed by Council in April 2019.

A report on complaints received by the Council is received by the Overview and Scrutiny Committee.

The Scheme of Delegation within the Constitution requires Members and Officers to ensure that all decisions are compliant with policies, procedures, laws and regulations. The key documents within the Governance and Policy Framework are maintained and regularly reviewed including the Constitution itself.

##### **Principle B – Ensuring openness and comprehensive stakeholder engagement**

The Council's Vision and Values have been developed with the three pillars of People Place and Us to provide clarity on the role and priorities of the Authority in relation to its residents and partners/stakeholders.

The Constitution clearly defines the purpose of community leadership, effective scrutiny, and public accountability in terms of roles and responsibilities and functions. The Authority is committed to openness and acting in the public interest.

Woking Joint Committee is a committee between Woking Borough Council and Surrey County Council and makes decisions on certain services, monitors the effectiveness of public services, partnerships and joint initiatives. Local people are encouraged to take part. Members represent the Authority working formally and informally with voluntary groups.

The Council is the ultimate decision-making body and the principal forum for political debate. The Council sets the Policies and Strategies for the Authority and appoints the Leader of the Council, who then determines the appointment of the Deputy Leader and the members of the Executive.

The Executive acts within the approved policy framework and budget and leads preparation of new policies and budget. Each member of the Executive has a portfolio of work for which they take responsibility. The Authority also has an Overview and Scrutiny Committee reviewing Executive decisions, Council Services and other services in the Borough that affect the community of Woking. The other responsibilities of the Authority are discharged through its non-executive committees and the Standards and Audit Committee.

Meetings are webcast and recordings are available afterwards to view through the website.

The Constitution provides for members of the public to ask questions of the Executive at the Executive meeting. Petitions may also be put to the Council with the Constitution setting out how these are considered depending on the number of signatures. Members of the public may also ask questions at the Joint Committee.

The Council undertakes public consultations on specific matters affecting the community.

In July 2019 the Council established the Governance Review Task Group. This group will be reviewing the governance and committee structure at the Council and whether it would be beneficial to change the existing governance structure.

### **Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits**

Historically the Authority's main priorities have been established and agreed. These continue to be priorities for the Authority in the current year:

1. Health and Wellbeing
2. Affordable Housing
3. The Environment
4. Economic Development

The Authority has developed a Vision – 'Towards Tomorrow Today' and a comprehensive set of values. The three pillars of People, Place and Us clarify the Authority's approach and the Service and Performance Plans reflect this structure.

The Council's Vision, Values and the Service and Performance Plans are available on the internet in the Annual Service and Performance Plan. Together these form the 'umbrella' under which the services, and individual plans sit.

The Core Strategy, adopted in October 2012, sets out the vision for Woking to 2027. The strategy has been communicated widely internally to local partners and to the wider community through interest groups. It is also available on our website.

The Authority's Climate Change Strategy, Woking 2050, balances our environmental aspirations with the Borough's needs for development and economic prosperity. The aim of the strategy is to coordinate a wide range of objectives which can be used by the Council and Woking's residents, businesses, community groups and others to reduce the Borough's impact on the environment.

The Authority has also prepared Natural Woking, a biodiversity and green infrastructure strategy for the area. This seeks positive outcomes for habitats and people, by enhancing provision and accessibility to green spaces; conserving appropriate existing biodiversity and habitats; and creating opportunities for species to return to the Borough.

The Economic Development Strategy was approved by Council in April 2017 and covers the period to 2022 while considering the vision to 2050. The Strategy's objectives are to encourage business development growth and inward investment in the Borough. Additionally, the Strategy supports the creation of jobs, stimulating the economy, as well as generating income for the Council (to support service provision).

New Capital and Investment Strategies were first approved by Council in February 2019, and updated in February 2020. Presented with the Treasury Management Strategy these provide further details on the overall approach to the capital programme including explaining the purpose of the Council investment.

Following the appointment of the new Director of Housing early in 2019/20, the Council's Housing Strategies are being reviewed and updated to reflect the direction and priorities for the future.

Collectively these key documents form the Council's Corporate Strategy and show how the Vision and Values translate into Council action through the detailed plans, budgets and Investment Programme. It is recognised that the links between these policies could be communicated more clearly and an overarching summary document will be prepared during 2020/21. The Council will then undertake a programme of communications with residents and stakeholders outlining the policy approach of the Council.

The Authority has a general approach to protect services seeking instead to achieve efficiencies and increase income generation where there are budget pressures. In the post-lockdown economic environment it will be necessary to revisit this strategy and explore operational efficiencies through automation and use of digital services.

The Performance Framework is owned by Members and officers. The content is communicated to a wide audience in order to ensure that these key priorities are understood and translated into operational outcomes, and it is available via the Authority's website.

#### **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes**

A Medium Term Financial Strategy (MTFS) is prepared on at least an annual basis and updated as circumstances change. It is linked to the annual budget and service strategies. The MTFS was due to be updated in March 2020, however the Covid-19 crisis has delayed this and has caused significant financial uncertainty. An updated MTFS, clearly setting out

the financial challenges facing the Authority will be prepared in the autumn of 2020 based on the known information at that time. This will enable the identification of resource requirements to set the budget for 2021/22, continue the Authority's activities and secure a sustainable future.

Service planning is closely aligned to the budgeting process and identifies service developments and the associated financial impacts. Key performance indicators are set and monitored during the year.

The Authority is proactive in working together with partners and considering the most effective way for services to be provided within the community, whether that be by the Council direct or through third parties.

### **Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The Performance and Development Review process is fully embedded in the Authority with annual assessments completed by all officers. The process incorporates the Council's Behaviour and Skills framework and helps to determine the Learning and Development programme.

The Authority was reassessed by Investors in People during 2019/20. The Authority retained an accreditation at the 'Silver' level and also received the Health and Wellbeing Good Practice Award.

Following the recommendation of the 2015 Peer Review, a programme of management development has been introduced to support future leaders and succession planning. The programme has been extended to further staff during 2019/20.

There is a comprehensive training programme for Members. The Council's commitment to Member development was first comprehensively assessed by South East Employers in 2008. Since then Woking has successfully maintained Charter status for Elected Member Development, achieving reaccreditation every three years. The Council was assessed for reaccreditation in 2018 and was again awarded the Charter.

The Council reviews its programme for Member Development annually and has developed a comprehensive learning and Development Framework together with the Roles and Responsibilities of Elected Members. A programme of Mandatory Member training was introduced in May 2018.

### **Principle F – Managing risks and performance through robust internal control and strong public financial management**

The system of internal control is a part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Formal Risk Management arrangements provide for risk identification, analysis, ownership and mitigating actions. An annual risk report is provided to the Executive. The Corporate Management Group review the Strategic Risk Register. Committee reports identify and

quantify risks associated with a proposal. The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures (within the Constitution), which comply with the CIPFA “Good Practice Guide for Financial Regulations in a modern English Council”. Control is maintained through regular management information, management supervision, and a structure of delegation and accountability. The Council has an anti-fraud and corruption policy and whistle blowing policy which are updated and promoted internally regularly.

### **Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The Authority annually reviews the effectiveness of its governance framework including the system of internal control. The review is informed by the managers who have responsibility for the development and maintenance of the governance processes, Internal Audit reviews and by comments made by the external auditor and other review agencies and inspectorates.

The Council has been working to address the recommendations of the Local Government Association (LGA) Corporate Peer Review in 2015. In November 2019 the Council invited the LGA to undertake another Peer Challenge to assess progress. The LGA made a series of recommendations and the Council’s proposals to address these have been considered by the Overview and Scrutiny Committee and the Executive in July 2020.

The Council’s Internal Audit Service carries out a programme of independent reviews. Their work is based around the core risks faced by the Council and includes work on financial and non-financial systems, corporate programmes and partnerships. This includes adherence to established policies, procedures, laws and regulations.

These findings are brought together within this Annual Governance Statement and are reported annually to the Standards and Audit Committee which undertakes the functions of an audit committee, as identified in CIPFA’s *Audit Committee – Practical Guidance for Local Authorities* and has responsibility for receipt of the Annual Governance Statement.

The Overview and Scrutiny function provides the scope to focus on issues that have the widest impact on the community and not just services directly provided by the Authority.

Monthly performance and financial monitoring information is published, including details on treasury management and group company activities.

Accessible data is available online, where detailed information is published in accordance with transparency requirements.

## **5. Roles and Responsibilities**

The Authority has approved a Constitution which defines and documents the roles and responsibilities of the Authority, Executive, Overview and Scrutiny and officer functions, with clear delegation arrangements and protocols for decision making and communication and codes of conduct defining the standards of behaviour for Members and staff. Delegations are recorded in accordance with the relevant Regulations.

The Thamesway Group of companies has been established by the Authority to assist in the delivery of the Council’s strategic objectives with a view to securing benefits for the residents of the Borough. The Council, and the Boards of the Thamesway group of companies, have approved a set of protocols designed to make the activities of the companies open and transparent in the context of the commercial environment in which the companies operate.

During 2020 it is proposed that the Council will adopt a Standards Protocol which would enable all Members to receive detailed monthly information produced by the Thamesway Group.

The Group Business Plans are approved by the Council annually. Group Company information is included in the monthly performance and financial monitoring information (Green Book).

The senior management of the Authority is structured to provide clear responsibility and accountability at both strategic (Corporate Management Group, CMG) and operational (Senior Manager) levels. The structure reflects the Authority's values and approach with management and services grouped by 'People', 'Place' and 'Us'.

The CMG during 2019/20 comprised the Chief Executive, Deputy Chief Executive, Director of Housing, Finance Director (nominated in accordance with Section 151 of the Local Government Act 1972) and the Director of Democratic and Legal Services. In May 2020 the CMG was expanded to include a Director of Neighbourhood Services and Director of Community Services. Each has allocated responsibilities to ensure that there is a clear chain for decision-making and actions to implement those responsibilities. The Chief Executive is the Head of Paid Service under the terms of the Local Government & Housing Act 1989. The Director of Democratic and Legal Services is the designated Monitoring Officer and is responsible for ensuring that the Authority acts in accordance with the Constitution.

The Head of Internal Audit, provided through a framework contract with Mazars, has direct access to the Finance Director, to the Chief Executive, other CMG members and reports to Members through the Standards and Audit Committee. These arrangements are in accordance with CIPFA guidance in their publications 'Role of the Chief Financial Officer' and 'Role of the Head of Internal Audit'.

## **6. Significant Governance Issues**

In formulating this year's Governance Statement a range of evidence has been reviewed including Statements from senior managers and Internal Audit reviews. To avoid duplication such findings are not noted in this statement other than where their implications could affect the overall effectiveness of the Authority's governance procedures and require action under the Governance Plan.

There has been a continued focus on addressing Internal Audit recommendations during the year. The position is considered by CMG and the Standards and Audit Committee quarterly where action progress can be monitored and resources redirected if necessary.

The following areas have been identified as areas for improvement in the Governance Plan and need further action in order to ensure governance arrangements remain robust for the future:

- (i) Peer Review  
Work on the areas of improvement identified by the November 2019 Peer Review.
- (ii) Council Constitution  
The Council's Constitution will be formally reviewed for the new Municipal Year 2021/22.



- (iii) Organisational Strategy  
Prepare a summary strategy document based on existing approved strategies to be approved as part of the Business Plan process for 2021/22.
- (iv) Action tracking  
Embed new processes for the management of Internal Audit recommendations and Committee decisions, developed during 2019/20, to improve the efficiency and effectiveness of the system.
- (v) CIPFA Financial Management Code  
Ensure that the Council's governance arrangements comply with the new Financial Management Code which has been published by The Chartered Institute of Public Finance Accountants (CIPFA).

## **7. Conclusion**

We are satisfied that the Authority has in place the necessary practices and procedures for a comprehensive governance framework, the governance arrangements provide assurance that intended outcomes will be achieved, and remain fit for purpose. The actions above will deliver further improvements and we will continue to monitor, evaluate and report on progress as part of our next annual review.

Leader of the Council  
Cllr D Bittleston  
Date

Chief Executive  
R N Morgan OBE  
Date