

## **Annual Governance Statement**

### **1 Scope of responsibility**

- 1.1 West Berkshire Council 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. West Berkshire Council 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.
- 1.2 In discharging this overall responsibility, West Berkshire Council 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.
- 1.3 West Berkshire Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.
- 1.4 This statement explains how West Berkshire Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations.

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

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which West Berkshire Council is directed and controlled and its activities through which it engages with, leads and accounts to the community. It enables West Berkshire Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that 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 West Berkshire Council'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.
- 2.3 The governance framework has been in place at West Berkshire Council for the year ended 31 March 2019 and up to the date of approval of the annual report and statement of accounts.

### **3 The governance framework**

- 3.1 The key elements of the systems and processes that comprise West Berkshire Council's governance arrangements are set out below and include arrangements for:
  - Identifying and communicating West Berkshire Council's Strategy that sets out its purpose and intended outcomes for citizens and service users;
  - Reviewing West Berkshire Council's Strategy and its implications for West Berkshire Council's governance arrangements;

- Measuring the quality of services for users, ensuring they are delivered in accordance with West Berkshire Council's Strategy and ensuring that they represent the best use of resources;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- Consultation on the budget and proposed budget reductions which affect service users are planned in good time and adhere to the Council's own consultation policy. As part of any consultation on the budget the Council is cognisant of the "Gunning" principles that require the Council to consult at the formative stage which would mean potential options being available for the residents to comment on. Clearly as the Council's budget reduces and the pressure on further reductions increases this approach becomes more difficult. However, where options are available the Council will seek the views of the residents. The Council will also continue to ensure that the requirements of an Equality Impact Assessment are met and ask our residents how a proposed reduction in service might impact on them or others, and how any impact arising out of the proposal could be mitigated;
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating the Constitution including Contracts Rules of Procedure and Financial Rules of Procedure, The Scheme of Delegation, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)";
- The Governance and Ethics Committee which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities";
- The Finance and Governance Group which helps to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Conducting a regular review of the effectiveness of Internal Audit;
- Whistle blowing procedures for receiving and investigating complaints from staff or the public;
- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.

## **4** Review of effectiveness

- 4.1 West Berkshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of all managers within West Berkshire Council who have responsibility for the development and maintenance of the governance environment.

4.2 The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework, and includes:

- The work of the Finance and Governance Group reviewing the Constitution on annual basis and referring changes to the Governance and Ethics Committee and Council;
- The Risk Management framework;
- The work of the Governance and Ethics Committee;
- The work of Internal Audit;
- The work of the Overview and Scrutiny Management Commission,
- Responding positively to external regulators such as OFSTED, the Information Commissioner, the Local Government Ombudsman and external auditor Grant Thornton.
- Commissioning regular external peer reviews by the Local Government Association.

4.3 Having regard to the governance framework considered at paragraph 3.1 above, the following should be noted:

<b>Identifying and communicating West Berkshire Council's Strategy that sets out its purpose and intended outcomes for citizens and service users</b>	The Council Strategy 15-19 was reviewed and refreshed by Council in March 2018, in order to note the progress that had been made in the delivery of the priorities for improvement. This also provided clarification of any new or amended actions and projects identified to deliver against the priorities of the Strategy.
<b>Reviewing West Berkshire Council's Strategy and its implications for West Berkshire Council's governance arrangements</b>	A new Council Strategy for the period 2019 to 2023 was approved at Council on the 23 <sup>rd</sup> May 2019, following public consultation and engagement.
<b>Measuring the quality of services for users, ensuring they are delivered in accordance with West Berkshire Council's Strategy and ensuring that they represent the best use of resources</b>	Quarterly reports detailing performance against targets, which are linked to the Council Strategy priorities, are considered and reviewed by Executive.
<b>Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation</b>	<p>The Council has a published Consultation Policy, which was last updated in January 2019.</p> <p>The Council also has a Community Panel which is a small group of residents, who are e-mailed directly when the Council has specific consultations that are relevant district wide.</p> <p>Consultation exercises are promoted through the usual media channels including the</p>

	<p>Council's social media accounts. Individual Council Services will send targeted e-mails inviting specific users to respond to specific consultations where it is appropriate to do so.</p> <p>Consultation questionnaires are usually available online but also as hard copy if required</p>
<p><b>Consultation on the budget and proposed budget reductions which affect service users are planned in good time and adhere to the Council's own consultation policy. As part of any consultation on the budget the Council is cognisant of the "Gunning" principles that require the Council to consult at the formative stage which would mean potential options being available for the residents to comment on. Clearly as the Council's budget reduces and the pressure on further reductions increases this approach becomes more difficult. However, where options are available the Council will seek the views of the residents. The Council will also continue to ensure that the requirements of an Equality Impact Assessment are met and ask our residents how a proposed reduction in service might impact on them or others, and how any impact arising out of the proposal could be mitigated</b></p>	<p>The Budget Consultation ran from the 12 November until the 23<sup>rd</sup> December 2018.</p> <p>A number of proposals consulted upon were not implemented as a result of consultation feedback. It is considered that this is good evidence that the Council consults at a formative stage in the decision making process.</p> <p>As noted above, the Council has a Community Panel which are consulted on proposals which have a district wide implication. Targeted consultation will take place with service users whenever appropriate.</p>
<p><b>Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication</b></p>	<p>The Articles of the Constitution summarises the roles and responsibilities of the Executive, Council, OSMC and other committees, together with the role of a number of statutory officers.</p> <p>Further detailed guidance is found in the relevant sections of the Constitution.</p>
<p><b>Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff</b></p>	<p>The officers and members codes of conduct, were updated in March and December 2018 respectively, to provide updated guidance on the use of social media.</p>

<b>Reviewing and updating the Constitution including Contracts Rules of Procedure and Financial Rules of Procedure, The Scheme of Delegation, which clearly define how decisions are taken and the processes and controls required to manage risks</b>	<p>The Constitution is regularly reviewed, with updates being made in the 2018/19 financial year to the following:</p> <ul style="list-style-type: none"><li>• Part 2 (Articles of the Constitution)</li><li>• Part 3 (Scheme of Delegation)</li><li>• Part 10 (Finance Rules of Procedure)</li><li>• Part 11 (Contract Rules of Procedure)</li><li>• Social Media Protocols for both Officers and Members as set out in Part 13 (Codes &amp; Protocols)</li></ul>
<b>Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)"</b>	<p>The Council's financial management arrangements are regularly reviewed by the Finance and Governance Group to ensure compliance with this CIPFA Statement.</p>
<b>The Governance and Ethics Committee which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities"</b>	<p>The Terms of Reference covering the 'Audit Committee' responsibilities of the Governance and Ethics Committee were set up to meet the requirements of the CIPFA good practice guidance.</p> <p>It is good practice to review the actual effectiveness of an Audit Committee, this has been scheduled in for this financial year.</p>
<b>The Finance and Governance Group which helps to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful</b>	<p>The Finance and Governance Group meets on a monthly basis and is chaired by the Council's s151 Officer.</p>
<b>Conducting a regular review of the effectiveness of Internal Audit</b>	<p>Internal Audit were subject to an external assessment during 2018 as required by the Public Sector Internal Audit Standards (PSIAS). The conclusion of that review was that Internal Audit 'generally conforms' with the PSIAS requirements, which is the highest compliance category used for this assessment.</p>
<b>Whistle blowing procedures for receiving and investigating complaints from staff or the public</b>	<p>The Council has policies in place, which are currently being reviewed by the Council's Audit Manager to ensure that they remain fit for purpose.</p>

<b>Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.</b>	<p>The Member Induction and Development Plan was approved by Council in December 2018. This recognised the fact that the elections in May 2019 may result in the election of members who were new to West Berkshire Council.</p> <p>The training needs and development of senior officers is dealt with via the appraisal system.</p>
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- 4.4 The s151 Officer is required to report to all the local authority's Members, in consultation with the Head of Paid Service and the Monitoring Officer if there is, or there is likely to be, unlawful expenditure or an unbalanced budget. Such a report known as a Section 114 report derives from the Local Government Finance Act 1998 as updated by the 2000 Act and Members of the Council are required to have regard to the s151 Officer's advice. Not to do so would be a breach of the Code of Conduct for Members.
- 4.4 Overall it is the s151 Officer's assessment that all parts of the Council acts in accordance with the budgetary and policy requirements in connection with the setting of the budget and meets financial administration standards as set out in legislation. There have been no formal reports required by the s151 Officer to Council under the relevant legislation.
- 4.5 Section 5 of the Local Government and Housing Act 1989 requires the Monitoring Officer to prepare a formal report to full Council where it appears that the Council, a committee or an Officer has acted or is likely to act illegally, or in a manner such as to constitute maladministration or injustice. The Monitoring Officer's role in essence is to ensure the legality of local governance arrangements based upon statutory requirements and guidance from Government and other outside bodies.
- 4.6 The Monitoring Officer's view of the Council's governance arrangements are that they are robust and effective. The governance of the Council through the systematic review of the Constitution and the relatively low level of complaints against district councillors indicates that there is little that needs attention if the current arrangements are followed. There has been no necessity for the Monitoring Officer to report formally to Council under Section 5 of the 1989 Act.
- 4.7 Ethical matters are managed by the Governance and Ethics Committee.
- 4.8 The Chief Executive will be reviewing governance arrangements in 2019/20 to ensure that this aligns with the new Council Strategy.

## **5 Significant governance issues identified in the AGS for 2017/18**

- 5.1 The following is an outline of the significant governance issues that were identified in preparing the 2017/18 AGS.



- The Council's significant investment in commercial property, transformation programme and pursuing commercialisation opportunities will require effective governance arrangements around proposed changes.
- Council's preparation for General Data Protection Regulations (GDPR) coming into force on 25<sup>th</sup> May 2018.
- Planned regular review of Council's constitution to ensure effective governance arrangements. This included an overhaul of Council's Scheme of Delegation and a stronger Contract Rules of Procedure and a supporting governance framework, together with changes to the Officers Code of Conduct.

5.2 The following measures were implemented during 2018/19:

- GDPR was successfully implemented by the deadline.
- Council's constitution was reviewed by Finance and Governance Group in accordance with the agreed plan.

## **6 Significant Governance Issues identified in 2018/19**

6.1 The following is an outline of the significant governance issues identified in 2018/19.

- The Council's significant investment in commercial property, transformation programme and pursuing commercialisation opportunities will continue to require effective governance arrangements around any proposed changes.
- Financial management arrangements in demand led social care areas need to be strengthened to mitigate the chances of unplanned budget overspends occurring.
- Overview and governance of school funding needs to be strengthened particularly in light of a significant overspend within the High Needs Dedicated Schools Grant Block.

6.2 The following measures will be implemented during 2019/20:

- A review of the ASC forecast overspend position was undertaken by the Chief Executive and Audit Manager during 2018/19, and made a number of recommendations to strengthen the financial management arrangements within ASC and across the Council. These recommendations are being implemented according to an agreed plan and will be closely monitored for their effectiveness.
- Regular reporting of School DSG funding performance to be embedded within existing financial performance arrangements.

Signed:

Nick Carter – Chief Executive

Lynne Doherty – Leader of the Council