

# Annual Governance Statement 2023/24

## Document Information & Governance

### Approval & Publication / Version Control Information:

Approving Body	Publication Type	Version	Version Status	Date	Version Author	Version Comment
Audit Committee	Internal	V1.0	Draft	11/9/23	Rosie Plaistowe	Update previous year's version
Audit Committee	Internal	V1.1	Draft	27/11/23	Rosie Plaistowe	Update to incorporate Audit Committee comments.

### 1. Introduction

Waverley Borough Council (the Council) is committed to improving governance on a continuing basis through a process of evaluation and review in accordance with the Council's governance framework.

The Council's Chief Executive and the Leader of the Council acknowledge responsibility for ensuring that there is a sound system of governance and internal control when managing and delivering the vision set out in the Corporate Strategy.

Each year the Council is required to produce an Annual Governance Statement (AGS) under the Accounts & Audit (England) Regulations 2015, to be published alongside the Statement of Accounts. The AGS is published in accordance with *Delivering Good Governance in Local Government: Framework (2016)* issued by CIPFA/SOLACE.

The AGS describes how the corporate governance arrangements have been working and the effectiveness of the systems of internal control during the year. It also documents key changes and developments within the Council's governance framework during the financial year up to the date of approval of the Annual Financial Report.

This AGS was reviewed and approved by the Audit Committee at its meeting on xxx .

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## 2. What is Corporate Governance?

Corporate governance generally refers to the systems and processes by which organisations are directed, controlled, led and held to account. The Council's governance framework aims to ensure that in conducting its business it:

- operates in a lawful, open, inclusive and transparent manner;
- makes sure public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- has effective arrangements for the management of risk; and
- secures continuous improvements in its governance.

The Council's framework brings together legislative requirements, good practice principles and management processes. It is consistent with the principles set out in the Delivering Good Governance Framework. The principles are summarised in the diagram below. Principles 1. and 2. have an overarching effect on the outcome of all other principles.



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## 3. The Principles – A Summary

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### **The Council aims to achieve good standards of governance by:**

Principle 1 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

- Having codes of conduct which define standards of behaviour for Councillors and all staff, supported by more detailed policies for ethical values such as whistleblowing and conflicts of interest.
- Ensuring compliance with relevant laws and regulations, internal codes, policies and procedures.
- Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function.

Principle 2 - Ensuring openness and comprehensive stakeholder engagement.

- Demonstrating, documenting and communicating the Council's commitment to openness and accountability in acting in the public interest.
- Establishing clear channels of communication with the community and other stakeholders, and encouraging open consultation.
- Ensuring an effective scrutiny function is in place.

Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits.

- Developing and communicating a vision which specifies intended outcomes for residents and service users and is used as a basis for planning.

Principle 4 - Determining the interventions necessary to optimise the achievement of the intended outcomes.

- Translating the vision into courses of action for the Council, its partnerships and collaborations.
- Reviewing the effectiveness of the decision-making framework, including delegation arrangements and robustness of information.
- Quarterly performance monitoring of services and projects to ensure the Council achieves its agreed vision as planned.

Principle 5 - Developing the Council's capacity, including the capability of its leadership and the individuals within it.

- Defining clearly the roles and responsibilities of Councillors and Officers, with protocols to ensure shared understanding of roles.
- Providing inductions, training and development to give all the appropriate skills, knowledge, and support to fulfil their roles and responsibilities.
- Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function.

Principle 6 - Managing risks and performance through robust internal control and strong public financial management.

- Risk Management is an integral part of all activity and is considered in decision making in accordance with the Council's Risk Appetite Statement.
- Service delivery is monitored through financial management review and quarterly reporting to ensure service plan delivery is on target.
- Internal controls are independently reviewed by Internal Audit when carrying out assessments of key activity areas.

Principle 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.

- Meetings and decisions are available on the Council's website along with other information such as quarterly performance reviews.
  - Undertaking the core functions of an Audit Committee to provide good governance.
  - The Council provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.
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## 4. How do we know our arrangements are working?

Corporate Governance requires providing assurances on:

- Delivery of Corporate Strategy priorities
- Services being delivered economically, efficiently and effectively
- Management of risk
- Financial planning and performance
- Effectiveness of internal controls
- Community engagement and public accountability
- Shared service governance
- Project management and project delivery
- Procurement processes
- Roles and responsibilities of Councillors and Officers
- Standards of conduct and behaviour
- Training and development of Councillors and Officers
- Compliance with laws and regulations, internal policies and procedures
- Secure and comprehensive record keeping
- Financial planning, performance and reporting

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The Council gains assurance through having:	How does this provide assurance
Constitution (including Scheme of Delegation to Officers)	This sets out how the council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people.
Democratic arrangements – Council, Executive, Overview & Scrutiny, Audit and Standards and General Purposes Committees Head of Paid Service, Monitoring Officer and Chief Finance Officer	Providing additional assurance through a process of independent and objective review. Statutory roles, which collectively are responsible for: <ul style="list-style-type: none"> <li>- Determining and publicising a description of the overall departmental structure of the Council showing the management structure and deployment of officers.</li> <li>- Reporting to the council where it appears to them the authority has done, or is about to do, anything which would be considered maladministration or contravene the law.</li> <li>- The proper administration of the Council’s affairs appointed under section 151 of the Local Government Act 1972</li> </ul>
Management Board and Senior Management Team (Renamed Corporate Management Board as of 1 August 2022)	Provides officer scrutiny and a clear trail of approvals
Corporate Strategy and service plans	Provides the framework for officers to work within and direction for the council.
Medium Term Financial Strategy	Provides the councils with a clear road map to ensure financial sustainability
Financial Regulations	Part of the governance framework which supports the council’s constitution, clearly laying out what officers must do when dealing with financial matters.
Contract Procurement Rules	Provide a governance framework for officers to ensure best value is achieved whilst complying with relevant legislation and good practices.
Capital Strategy	Determines the approach and priority of capital investments, ensuring they are conducted within the councils risks appetite
Performance management framework (regular reporting)	Provides officer scrutiny and monitoring
Project Governance Boards/ Project management methodology Risk management framework	Sets out a clear auditable process for officers to follow Defines the councils risk appetite as well as it’s the strategy for eliminating or minimising the impact of identified risks

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Customer Service Strategy	Ensures that a consistent approach and levels of customer services are delivered through all channels
Complaints system	Provides a clearly identifiable route of escalation for complaints
HR policies and procedures	Ensures staff are aware of their responsibilities and obligations when conducting their roles
Whistleblowing and other countering fraud arrangements	Provides a clear and secure route for reporting illegal, illicit, unsafe, fraudulent, or other practices, the disclose of which would be in the public interest
Member and Officer training and development	Ensures members are adequately informed of councils processes to enable them to properly challenge and scrutinise decisions
Internal and External audit scrutiny	Independent scrutiny of the council's processes, policies and controls.
Ongoing review of governance	Ensures the councils governance arrangements reflects best practice and that measures continue to be fit for purpose
External reviews and inspectorate reports	Provides additional challenge to the council's processes, allowing the council to improve upon them
Customer feedback	Recording customer feedback ensures complaints can be dealt with and escalated accordingly
Staff surveys	Provides a forum for any concerns to be raised
Community consultations	Ensures steps taken by the council have buy in and support of the wider community

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## 5. The Council: How it works

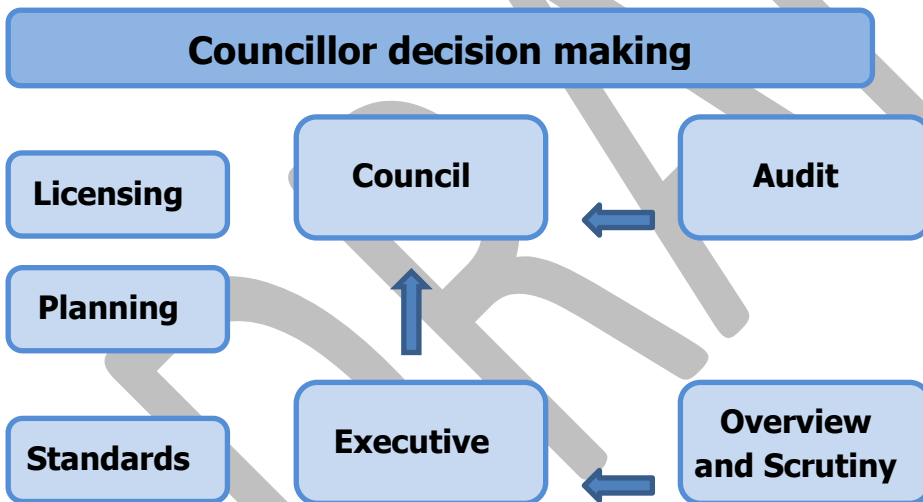
All Councillors meet as the Full Council around six times a year. All meetings are open to public but occasionally some items subject to confidentiality rules are held in exempt session. The conduct of the Council's business is defined by formal procedures and rules, which are set out in the Constitution. The Constitution also explains the roles and responsibilities of the Executive, Audit, Overview & Scrutiny and Officer functions.

The 'Scheme of Delegation to Officers' sets out the basis on which Officers may take decisions under delegated authority. The Council also follows codes of Financial Management and Procurement and maintains codes of conduct for Councillors and Officers.

The Chief Executive is the Council's Head of Paid Service and is responsible for how the Council operates. The Chief Executive is assisted by the Management Board (Renamed Corporate Management Board as of 1 August 2022), which includes the three Strategic Directors. The Council is required to appoint a Monitoring Officer whose role includes ensuring that decision making is lawful and fair and a Section 151 Officer who is responsible for the councils financial management.

The Council and its decisions are open and accessible. All reports requiring a decision are considered by appropriately qualified legal and finance staff before being considered by relevant decision-making forums.

In meeting the requirements of the Local Government Transparency Code 2015 the Council has also published on its website a wide range of open data and information.



- Licensing – considers issues relating to taxis, entertainment, alcohol, food premises and miscellaneous licensing functions.
- Planning – makes decisions on development control issues, including applications for planning permission.
- Standards and General Purposes – independent committee responsible for member conduct and the constitution.
- Audit – independent committee responsible for issues of audit, risk and governance arrangements.
- Overview and Scrutiny – intended to help develop and review policy and holding the Executive to account publicly by calling-in and scrutinising decisions made by the Executive.
- Executive - appointed by the Leader, responsible for proposing new policy, putting the budget to the Council and implementing and delivering the agreed policy framework and budget.
- Council - 50 elected Councillors, covering 29 wards. Appoints the Overview & Scrutiny and other committees. Approves the policy and strategic framework and budget.

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## 5.1 Changes in governance during the year

### Planning threat of Designation

In May 2023, the Secretary of State for Levelling Up, Housing and Communities, the Rt Hon Michael Gove MP, wrote to the council, noting that planning performance for determining non-major planning applications within 8 weeks (or an agreed extension), had fallen below the Government's rolling two-year target of 70%.

Planning performance at the council suffered in 2021 and early 2022, due to a range of issues including the effects of the pandemic, higher application numbers, problems with a new planning IT system and the ongoing, extremely tight labour market for qualified planning officers. The council monitors its planning performance on a continuous basis and had implemented an action plan to deal with the backlog of applications. Mr Gove acknowledged the council's improvement and stated that he would closely monitor performance up to June 2023.

Waverley Borough Council has received formal confirmation from the Minister of State for Housing and Planning, Rachel Maclean MP, that the council will not be designated for its planning performance.

### Changes in committee groups

Standards Committee on 7 June 2023 agreed a number of changes to committee meetings including changes in sizes of a number of committees to reflect the change in number of councillors, also:

- Audit Committee became Audit & Risk Committee to reflect the terms of reference of the Committee
- Overview and Scrutiny Committee remits to update split of services.
- Abolition of Eastern and Western Planning Committees, replaced by one single Planning Committee to improve efficiency and speed of decision making in light of planning designation risk.

### Data Management

An information and Data Management framework has been developed to ensure a proactive and robust approach to Information & Data Management was required to enable digital transformation and promote effective use of data in day-to-day service delivery and decision making. The Audit & Risk committee reviewed the first iteration in September 2023.

## 5.2 Resolution of significant governance issues in 2023/24

There were no outstanding governance matters requiring resolution in 2023/24.

## 5.3 Significant operational events in 2023/24

**Cost of living crisis** – As a result of a number of significant national and global issues, the UK has been facing significant inflationary pressures since 2022, resulting in a cost-of-living crisis for much of the population and the establishment of the Cost of Living Working Group. CPI, which had not exceeded 3% since November 2017, was, as of September 2023 6.7% but falling.

## 5.4 Other governance issues arising during 2023/24

There were no other significant governance issues during 2023/24



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### 6. Audit Committee seeking assurance

The Audit Committee has responsibility for requesting and receiving reports that deal with issues that are key to good governance. It met four times in 2023/24, considering a wide range of governance issues. In 2022/23 several items were delayed but ultimately delivered against.

#### Audit Committee Work Programme for 2023/24

20 June 2023	11 September 2023	27 November 2023	March 2024
Annual Governance Statement - Consideration Of Potential Governance Issues	Statement of Accounts	Annual RIPA Report	Internal Audit Plan
Review Of Progress In The Implementation Of Internal Audit Actions	External Audit Findings Report	Risk Management	Risk Management
Annual Internal Audit Report	Value for Money Report	Waverley 22-23 Audit Plan	Annual Governance Statement - Consideration Of Potential Governance Issues
Review Of The Progress In Achieving The Audit Plan	Local Audit Delay Cross- System Statement and DLHUC letter Update	Enquiries of Management 22-23	Internal Audit Charter
Fraud Investigation Summary	2022-23 Annual Information and Data Management Report	Review Audit Committees Terms of Reference	Statement of Accounts
Internal Audit Charter	Covert Surveillance Policy	Annual Governance Statement - Consideration Of Potential Governance Issues	External Audit Findings Report
Risk Management	Anti Money Laundering Update	Review Of Progress In The Implementation Of Internal Audit Actions	Value for Money Report
	Financial Regulations Update	Review Of The Progress In Achieving The Audit Plan	
	Risk Management		

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	Annual Governance Statement - Consideration Of Potential Governance Issues		
	Review Of The Progress In Achieving The Audit Plan		
	Review Of Progress In The Implementation Of Internal Audit Actions		

The Audit Committee considers each year how effective it has been in overseeing the Council's governance arrangements and submits an annual report to Council that summarises its work and allows the Council to take comfort that key governance processes are being reviewed.

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## 7. Managing key risks

All Councillors and Officers are responsible for ensuring that risk implications are considered in the decisions they take in accordance with the Council's 'risk appetite' as detailed in the Risk Appetite Statement.

The successful delivery of the Corporate Strategy Objectives depends on the Council's ability to manage and tolerate risk where it cannot be eliminated altogether. Significant risks that may be potentially damaging to the achievement of the objectives are recorded in the Corporate Risk Register.

The Senior Management Team regularly reviews and updates the Corporate Risk Register and is required to state positively the level of assurance they can place upon the controls that mitigate risks. If the residual risk exceeds the 'risk appetite', managers are required to consider whether cost effective actions that will reduce the likelihood and/or impact of the risk occurring can be introduced. The Risk Register is reviewed by the Audit Committee and used to inform the Internal Audit Plan for annual audit planning.

The Audit Committee will continue to review the governance arrangements to ensure they are fit for purpose in managing key risks and seeking corrective action where they are found not to be.

## 8. Managing the risk of fraud

To mitigate the risk of fraud the council has in place fraud and governance policies to which staff should adhere. These include the Anti-fraud, Bribery and Corruption Policy, Prosecution Policy, Whistleblowing Policy and Anti-Money Laundering Policy. These policies are reviewed, updated and agreed by the Audit Committee. Any issues raised relating to these policies are dealt with by the appropriate responsible Officers in accordance with the requirements of each policy. Where appropriate the policies are available on the Council's website and intranet.

Within the Council, the Internal Audit Service fulfils a proactive and reactive role for issues relating to fraud. This includes a fraud investigation officer, (dedicated resource to investigate all types of housing tenancy fraud). This work results in ensuring that properties are used by tenants in accordance with the tenancy agreement. Outcomes can include the return of properties to the housing stock to enable them to be utilised for those on the housing waiting list.

## 9. Anti-Fraud and Corruption Statement

The Council is committed to the highest possible standards of honesty, openness and accountability.

It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating issues raised through its governance policies.

The Council will pursue appropriate action, including the recovery of any losses it has suffered, where fraud and corruption has been identified.

## 10. Responsible Chief Financial Officer

A Executive Head of Service is the Chief Financial Officer (CFO) (the 'Section 151 Officer'). The CFO has responsibility for delivering and overseeing the Council's financial management arrangements and has responsibility for the Finance Team and Internal Audit.

The CFO has been involved in reviewing the governance framework and preparing this Statement and is satisfied with the arrangements that are in place for managing finances, considers the system

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of internal control works effectively and that no matters of significance have been omitted from this Statement.

## 11. Internal and External Audit assurance

The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and External Auditors (Grant Thornton LLP). Despite the difficulties that the pandemic placed upon these assurance providers re communication and logistics, these hurdles were overcome by the co-operation of those professionals involved, although timeframes to obtain information was sometimes delayed the work was completed to the professional standard required to provide an opinion.

## 12. Internal Audit

The Council considers its Internal Audit team to be a key component of its governance framework that:

- Provides independent, risk-based and objective assurance, advice and insight to the Council on its operations.
- Enhances and protects value, by assisting management improve the delivery of the Council's objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.

Each year the Audit Committee reviews the Internal Audit Charter, which sets out the internal audit role and its responsibilities and clarifies its independence and aligns it to the *Public Sector Internal Audit Standards (PSIAS)*.

The Internal Audit Manager reports to the Section 151 Officer but to maintain independence and objectivity of the Internal Audit service also has direct access to the Chief Executive, the Audit Committee and its Chairman.

The Internal Audit Manager has stated in their Internal Audit Annual report that there were no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

One of the key assurance statements the Council receives is the annual Internal Audit report. This report includes the opinion of the Internal Audit Manager on the Council's control environment based on the work that has been completed throughout the 2022/23 year.

The opinion for the 12-month period ending March 2023 is shown below:

### Annual Internal Audit Opinion 2022-23

I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of Waverley Borough Councils internal control environment.

In my opinion, the frameworks of governance, risk management and management control are 'Reasonable' and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

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## 13. External Audit

The Council's external auditors are appointed by Public Sector Audit Appointments Limited (PSAA). Grant Thornton LLP were appointed by PSAA to undertake the Council's external audit.

The external auditor has issued an unqualified opinion on the Council's arrangements for securing economy, efficiency and effectiveness (value for money) and in the use of its resources.

## 14. Level of Assurance

This AGS demonstrates that the systems and processes continue to provide a comprehensive level of assurance to the Council in its governance arrangements during 2022/23.

## 15. Certification

The Council's framework of governance comprises all the detailed strategies, policies and procedures that are in place to achieve good governance. These are used in delivering the objectives set out in the Corporate Strategy and to which Officers work to in carrying out their responsibilities on behalf of the Council. This AGS has been prepared by those with knowledge of the key governance issues who are satisfied that the Council's framework complies with the principles set out in the Delivering Good Governance Framework.

We therefore commend the Governance Statement to the Audit Committee for approval.

Councillor Paul Follows

Tom Horwood

Signed

Signed

Leader of the Council

Joint Chief Executive

Dated

Dated