

WARWICK DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT 2023/24

1 Introduction

- 1.1 The Accounts and Audit Regulations 2015 require the Council to prepare an annual governance statement.
- 1.2 Governance is about how an organisation is directed and controlled to achieve its objectives. It therefore comprises the systems, structures, and values that an organisation has in place to achieve those objectives. Good governance requires that objectives be achieved not only efficiently and effectively but also ethically and in compliance with laws and recognised standards of conduct.
- 1.3 Good governance comprises robust systems and sound structures together with effective leadership and high standards of behaviour.
- 1.4 In short, governance is "Doing the right things, in the right way."

2 The Purpose of the Annual Governance Statement

- 2.1 This Statement provides a summarised account of how Warwick District Council's processes and structures meet the principles of good governance set out in the Council's Constitution and how assurance is obtained that these are effective and appropriate. It is written to provide the reader with a clear and straightforward assessment of how the governance framework has operated over the past financial year (but also up to the time of approval of the financial statements) and to identify any weaknesses or gaps in our arrangements that need to be addressed.
- 2.2 The format and scope of this Statement follows that which is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA).

3 The Council's Governance Framework

- 3.1 Warwick District Council must operate in accordance with the law and appropriate standards and ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.
- 3.2 Warwick District Council also has a duty under the Local Government Act 1999 to try to secure continuous improvement in the way in which its functions are exercised.
- 3.3 In discharging these responsibilities Warwick District Council is responsible for putting in place suitable governance arrangements, including provisions for the management of risk.
- 3.4 The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled as well as its activities

through which it accounts to, engages with, and leads its communities. 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 services and value for money.

- 3.5 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 aims and objectives and can therefore provide only reasonable, not absolute, assurance of effectiveness.
- 3.6 Warwick District Council has approved and adopted a Local Code of Corporate Governance that is consistent with the principles of the latest CIPFA/SOLACE¹ Framework for Delivering Good Governance in Local Government (2016).
- 3.7 The Council's Corporate Strategy (known as Warwick District 2030 and adopted in this reporting year) sets out the Council's objectives and priorities for the district and how these are to be achieved. The strategy is based around three strategic priorities and is used to identify and prioritise the work programme up to 2030. This strategy and the priorities included within were agreed with the new administration that has been in place following the May 2023 elections.
- 3.8 Delivery of the Council's Corporate Strategy is usually through the Service Area Plans (SAPs). in which the corporate objectives are translated into more specific aims and objectives, and corporate projects. Due to the transition to the new Corporate Strategy, interim plans (only covering KPIs from the previous year) were used for the period between April and December 2023. These were then followed with new SAPs, which were linked to the new strategic priorities, covering the subsequent eighteen-month period.
- 3.9 These are then fed down into individual performance development reviews through the Council's performance appraisal system. These include agreed expectations and, where appropriate, service standards against which service quality and improvement can be judged. Performance is monitored by individual services and made available to all Councillors and Senior Officers through SharePoint.
- 3.10 Warwick District Council's Constitution establishes the roles and responsibilities for members of the Cabinet, Audit and Standards (A&S) Committee, Overview & Scrutiny (O&S) Committee, together with officer functions.
- 3.11 The Chair of the Overview & Scrutiny Committee has continued to seek to develop the role of the Committee in its ability to add value to decisions of the Cabinet and influence the direction of the Council. During 2023/24 the Committee reviewed how it operates and works with other Committees to further enhance this work and details of the planned development and revised approach were agreed by the Committee in January 2024.

¹ Chartered Institute of Public Finance & Accountancy / Society of Local Authority Chief Executives

- 3.12 The Chair of Audit & Standards has expressed concerns, in respect of the ability to check and challenge Council finances and also awareness around procurement within the Council.
- 3.13 Both Committee Chairs, welcomed the introduction of the Asset Compliance Committee in November 2023 to challenge the progress in respect to ensuring compliance for safety under the Social Housing (Regulation) Act. As part of this, the Chairs of the Asset Compliance Committee, Audit & Standards Committee and Overview & Scrutiny Committee started quarterly meetings to share themes and areas of common work. There is also informal agreement on how to share work between these Committees to ensure the appropriate Committee looks at the appropriate area of work.
- 3.14 The Council also has the Budget review Group in place which meets the evening before Cabinet considers papers regarding the fees and charges, HRA and General Fund Budget. This has a membership of Councillors from both the Audit & Standards Committee and the Overview & Scrutiny Committee. It provides comments directly to the Cabinet.
- 3.15 The Constitution includes details of delegation arrangements, the Councillors' Code of Conduct, and protocols for councillor / officer relations. From May 2022 the Council has operated under the Local Government Association Model Code of Conduct for Councillors. The Constitution is kept under review to ensure that it continues to be fit for purpose and within the year there has been a number of minor revisions. The Council has adopted a Standards regime pursuant to the Localism Act 2011 and appointed the Audit & Standards Committee to be responsible for such matters. Conduct of officers is governed through the Employee Code of Conduct and through the values and behaviours which are part of the Council's Corporate Strategy and embedded within performance appraisals.
- 3.16 The Constitution contains procedures, rules and financial regulations that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and ensure expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by post-holders' membership (whether permanent or 'as required') of the Senior Leadership Team² (SLT).
- 3.17 In 2010 CIPFA published a statement on the Role of the Chief Financial Officer (CFO) in local government, setting out core principles and standards relating to the role of the CFO and how it fits into the organisation's governance arrangements.
- 3.18 A specific statement is required to be reported in the Annual Governance Statement on whether the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement.

² The Senior Leadership Team comprises heads of services together with the Chief Executive, Deputy Chief Executive and Programme Director for Climate Change.

- 3.19 The governance requirements in the CIPFA Statement are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the Leadership Team³, with a status at least equivalent to other members of the team. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the Council's Annual Governance Report, together with how these deliver the same impact.
- 3.20 The Council's financial management arrangements conform to the CIPFA Statement other than in just one specific aspect:
- Head of Finance having responsibility for Asset Management (that is to say, the Head of Finance does not have responsibility for the Assets function).
- 3.21 With regard to asset management, the day-to-day responsibility for this came under the post of Head of Neighbourhood and Assets during 2023/24. As with all heads of services, the Head of Neighbourhood and Assets is part of the Senior Leadership Team. The Council is firmly of the view that this is the best way to deliver this service. Whilst the Head of Finance does not have direct responsibility for the Assets function, he retains responsibility for any financial implications arising from any decisions to be taken over the management of the assets.
- 3.22 The Cabinet provides the strategic direction for the Council, ensuring that the Council's priorities are established and that corporate objectives are set and achieved. In order to strengthen cross-party leadership of the Council's business, all the Council's Political Group Leaders meet with the Cabinet regularly on a non-Constitutional forum known as the Leadership Coordination Group (LCG). The role of the LCG is to try to ensure that there is a unified cross-party response to the challenges facing the Council. This forum is used to review all draft Cabinet reports and receive officer briefings on the most important Council matters. It has enabled the Council's business to continue unabated despite no one party having a majority.
- 3.23 The primary counterbalances to the Cabinet is the Overview & Scrutiny Committee. The roles of these committees include the opportunity to provide a robust challenge to the Cabinet.
- 3.24 'Task and Finish' Groups, comprising solely councillors, are appointed by the Overview and Scrutiny Committee to examine issues in detail. These Groups report back to the Committee with recommendations on improvements which are, when approved, taken forward.
- 3.25 The Audit and Standards Committee fulfils the core functions of a typical 'audit committee' in respect of External Audit, Internal Audit and Risk Management. The Committee seeks assurance from the relevant Cabinet Councillor (Portfolio Holder) and/or senior manager when it has concerns or queries in respect of matters relating to particular service areas.

³ In the Council's case, this is the Senior Leadership Team.

- 3.26 The Council has a formal complaints procedure that allows the public or other stakeholders to make a complaint regarding the service received or the conduct of Councillors. The Audit and Standards Committee has responsibility for overseeing the investigation of complaints against Councillors. Mandatory training on Standards was provided to Members in May 2023. Overall, the Council continues to have a low volume of complaints about services but has recently reviewed its complaints policy and procedures to ensure they are robust.
- 3.27 The Council has policies to help safeguard the organisation and its staff when making decisions. An Anti-Fraud and Corruption Strategy and set of Policies and Procedures – comprising a Fraud Response Plan, Whistleblowing Policy and Procedure, Money Laundering Policy and Procedure, and Bribery Act 2010 Policy and Procedure - have been developed and communicated to all staff via the intranet and as part of the employee induction process.
- 3.28 The Council has embedded Risk Management throughout its arrangements with the Significant Business Risk Register (in effect, the Council’s corporate and strategic risk register) being reviewed and updated each quarter, firstly by the Senior Leadership Team and then by Cabinet who assumes overall responsibility for it. It is also considered by the Audit and Standards Committee. A significant review of the Council’s approach to risk management began in 2023/24 with a commitment to implement new processes in 2024/25.
- 3.29 Council services are delivered by staff with the appropriate skills, training, and level of experience. Job Descriptions and Person Specifications are in place for all posts and, together with a rigorous recruitment and selection process, this helps to ensure that the best candidates are appointed into each position. A significant commitment has also been made towards retaining skilled staff by offering numerous ‘work friendly’ schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost. Training needs are identified through the performance appraisal system.
- 3.30 The individual performance appraisal system is operated in the Council, having been subject to regular review and refinement. Staff are measured against operational objectives that derive from the Corporate Strategy. The performance appraisal system also helps individuals identify learning and developmental needs to ensure that appropriate training is provided to staff to enable them to undertake their role effectively and have the opportunity to develop.
- 3.31 During the first year of the administration, a review was undertaken by the Leader on how to engage Councillors effectively within the delivery of the Corporate Strategy. Three Programme Boards were introduced (to cover each of the three keys theme in the Corporate Strategy), as well as advisory groups to support these. However, there was only take up of membership for the Low Cost Low Carbon Advisory Group.

- 3.32 The Council has also established a joint advisory group of Councillors and a Joint Cabinet Committee with Stratford-on-Avon District Council in respect of the delivery of the South Warwickshire Local Plan.
- 3.33 The Council strives to be open and accessible to the community. All communication is delivered across a combination of platforms, including website, social media, press releases, and printed leaflets and posters, to ensure it is accessible to all residents. In addition, consultations and surveys are carried out to encourage engagement and seek the views of residents when developing new policies and initiatives.
- 3.34 All Council committee meetings are open to the public, except where confidential matters are concerned. During this year, the Council relocated meetings from the Town Hall, due to building works, to Shire Hall and, as a result, meetings are not broadcast live to YouTube, but uploaded the day after the meeting. Agendas and minutes for Council meetings are placed on the website along with the Council's policies and strategies. Councillors are encouraged to submit questions in advance of all committee meetings, to maximise the time available in formal meetings and enable greater focus on specific areas of concern. The responses to these pre-meeting questions are made available to the public on the website.
- 3.35 There are terms of reference and constitutions set up for key partnerships that ensure that partners act lawfully throughout the decision-making process. Key partnerships include the Coventry and Warwickshire Local Enterprise Partnership and Community Safety Partnership. Warwick District Council also works closely with a number of other councils and agencies and operates shared services for Building Control, Business Rates, Corporate Fraud, Information Governance, and Legal Services.
- 3.36 The Council complies with the 2015 Local Government Transparency Code by publishing specific information on the Council's website in prescribed format. The Council strives to publish information on the website that is accessible and understandable for the public and continues to seek to make improvements in this. An example of this is achievement of the required Website Content Accessibility Guidelines (WCAG 2.1). The Council's website accessibility is independently audited every two years with monthly automated tests carried out by Acquia Optimize (who rate all Local Authority websites according to their compliance with WCAG 2.1).
- 3.37 As a key element of the governance framework, Internal Audit reviews are undertaken regularly on a range of activities including one undertaken annually on an alternating aspect of governance.
- 3.38 The Governance framework for Milverton Homes is set out in the Articles of Association and the Shareholders Agreement. The latter sets out the parameters for decision making and requires the company to prepare and submit for approval an annual Business Plan (including financial strategy), audited accounts, and other performance related information upon request (e.g. risk register). Work is ongoing to ensure that these crucial governance arrangements and deadlines are met. Reserved Matters as detailed in Schedule 2 of the Agreement, may not be carried out without the prior written

consent of WDC as Shareholder. The company is only able to carry out business in accordance with its Business Plan which must be approved annually by the Cabinet.

- 3.39 The Council has appointed two Council Directors in accordance with the Articles of Association. It retains the right to appoint any person to be a Council Director and may remove from office any Council Director. The Council appointed the Chair who has a casting vote if the number of votes for and against a proposal at a meeting of Directors are equal. The Directors must ensure that the Company keeps a record, in writing, for at least ten years from the date of the decision recorded of every unanimous or majority decision taken by the Directors. The Council, as sole shareholder, may by special resolution direct the directors to take, or refrain from taking, specified actions.
- 3.40 A re-emerging issue for the Council is its role in the region and particularly its non-membership of the West Midlands Combined Authority (WMCA). During 2022/23 it only had Observer status whereas all the other authorities in the region are either constituent or non-constituent members. Discussions were ongoing during the year for the Council to become a non-constituent member of the WMCA.

4 Review of Effectiveness

- 4.1 Warwick District Council is required legally to conduct an annual review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit & Risk Manager's annual report, annual service assurance statements completed by heads of services and by the findings and reports issued by the external auditors and other review agencies and inspectorates.
- 4.2 More information on the arrangements that provide this assurance is set out below.
- 4.3 The Council's Monitoring Officer (also Head of Governance) has responsibility for overseeing the implementation and operation of the Council's Code of Corporate Governance, maintaining and updating the Code in the light of latest guidance on best practice, contemplating any changes that may be necessary to maintain it and ensure its effectiveness. All reports to Cabinet, Committees and Council are seen by the Monitoring Officer to ensure compliance with legal requirements.
- 4.4 The Council's Section 151 Officer has responsibility for the proper administration of the Council's finances. This includes responsibility for maintaining and reviewing the Code of Financial Practice and Code of Procurement Practice to ensure they remain fit for purpose and submitting any additions or changes necessary to Council for approval. The Section 151 Officer is also responsible for reporting any significant breaches of the Codes to the Cabinet and/or the Council. All reports to Cabinet, Committees and

Council are seen by appropriate staff within the Finance Department to ensure compliance with financial requirements.

- 4.5 The CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations requires the head of internal audit to give an opinion annually to the Authority on its risk management, governance, and control environment and that this should be used as a primary source of evidence for the annual governance statement. In regard to this, the Audit and Risk Manager's Annual Report and Opinion for 2023/24 has concluded that, in overall terms, the Council has an effective internal control and governance environment. This statement is based, however, on those audits that were able to be completed - the inability to complete one of the ICT audits that had been carried forward from 2022/23 inevitably qualifies this assurance.
- 4.6 In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included assurances, set out on "service assurance statements", from heads of services on the effectiveness of the internal control environment. The Statements did not reveal any issues of significant concern.
- 4.7 The work of the Council's Internal Audit function is governed by the UK Public Sector Internal Audit Standards (PSIAS). The PSIAS are mandatory for all internal auditors working in the UK public sector. The Standards require an external and independent assessment at least every five years of the performance of public sector internal audit units and their conformance with the PSIAS.
- 4.8 Under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, Azets Audit Services was appointed as the Council's External Auditor with responsibility for reviewing the Council's Statements of Accounts for five years from 2023/24 to 2027/28. During 2023/24, the previous auditors (Grant Thornton) continued their work on reviewing the 2021/22 and 2022/23 Statement of Accounts. Whilst not completed during 2023/24, they have subsequently issued disclaimed opinions on the Council's arrangements for both financial years, including those relating to securing value for money, by the backstop date of 13 December 2024.
- 4.9 In December 2020, the Council's Executive approved the formation of a Local Housing Company. The Company – Milverton Homes Ltd. – is a separate legal entity, wholly-owned by the Council, set up to support the Council's housing development plans and objectives and provide the Council with housing-related commercial opportunities. The Company is 'Teckal-exempt' which means that, because it is wholly-owned by the Council and at least 80% of the work is for the Council, the Council can pass work to the Company without exposing it to competitive tender and the Company will be exempt from corporation tax.
- 4.10 The Teckal exemption is, however, subject to certain critical tests – the control test and the functional test. The control test means that the Council must control all the shares in the Company and exercise effective day-to-day control over its affairs; thus the relationship between the authority and the company is the same as the relationship between the authority and its internal services

departments. The functional test ensures that the essential activities undertaken by the company are controlled by the Council.

- 4.11 Fortus, the External Auditor of Milverton Homes, is responsible for reviewing the accounts and financial systems of the company. The External Auditor supports the presentation of accounts to the shareholders at the Annual General Meeting (AGM), thus providing assurance to Shareholders. During the year, the Deputy Chief Executive and Monitoring Officer undertook the role of Shareholder Representative in liaison between the company and the Council until his retirement in July 2023. The role was subsequently passed to the Head of Finance.
- 4.12 A review of the governance arrangements in respect of Milverton Homes was undertaken by the Audit and Risk Manager and a report was submitted to Cabinet in July 2023 that comprehensively addressed the review's findings.
- 4.13 Cabinet agreed to establish a change management programme to ensure that a co-ordinated approach to service development is in place. A programme has now been established, being launched with a managers workshop on 22 February 2024.

5 Significant Governance Issues

- 5.1 The following governance issues have been identified and will be responded to through the action plan for this year (Appendix 2) which sets out the actions required as well as the current position:
 - 5.1.1 The governance and oversight of property compliance and building safety, as highlighted in the report from Pennington Choices.
 - 5.1.2 The need for the reporting of Performance Data to Councillors and SLT on a regular basis.
 - 5.1.3 The LGA Corporate Peer Challenge report from July 2023 highlighted (amongst other things) the need to 'Build on the existing processes to further strengthen and ensure transparent and robust governance. Ensure that there is a clear politically-led process for identifying and delivering priorities and sufficient capacity and authority to manage the level of risk of the organisation. Review the effectiveness of the Programme Advisory Boards, and replicate good sectoral practice such as establishing formal, regular statutory officer meetings'.
 - 5.1.4 The increased requirement for oversight of procurement in preparation for the new procurement regulations (originally due to be implemented in October 2024 but now due to commence in February 2025).
- 5.2 The significant governance issues raised in last year's annual governance statement have all been addressed. This is set out in Appendix 1, below.

6 Conclusion

- 6.1 The governance framework described in this document has been in place at Warwick District Council for the year ended 31 March 2024 and up to the date of approval of the annual statement of accounts.
- 6.2 We confirm our commitment to implementation of actions to address the governance issues identified in this Statement (and summarised in Section 5, above).

Signed:

Councillor Ian Davison
Leader of the Council

Dated:

Date TBC

Signed:

Christopher Elliott
Chief Executive

Dated:

Date TBC

WDC Annual Governance Statement 2022/23: Action Plan for Governance Issues

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	Latest Position
6.1.1	The breadth and volume of the Overview and Scrutiny Committee's workload.	Senior Leadership Team	With support from officers, the Chairman of the Committee has developed a proposal that he will be sharing with the Committee ahead of the meeting (on 5 December 2023). If the Committee supports this draft proposal, it will be developed into a full report for the Committee to consider at its meeting in January 2024.	The Committee has continued to develop its model and approach with detailed reports considered by the Committee. The Chairman of the Committee is pleased with the progress in all areas but will be seeking further training for the Committee to continue with this development and understanding of the Committees role and responsibilities.
6.1.2	The presentation of Cabinet reports that mitigate effective scrutiny of them.	Senior Leadership Team	As above.	
6.1.3	The range of skills that are required by the Overview and Scrutiny Committee to enable effective scrutiny, particularly in respect of financial expertise.	Senior Leadership Team	As above.	

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	Latest Position
6.1.4	The lack of clarity over the role and operation of Programme Advisory Boards.	Senior Leadership Team	A proposal for revised working parties is set out within the Service Area Plan report to Cabinet on 6 December 2023 and is due to be discussed in more detail by the Leadership Co-ordination group on 4 December 2023.	<p>Programme Boards were established for strategic priorities 1 and 2 (plus part of 3) with support from appropriate officers. The work of the Groups will continue to be monitored as they develop over the coming months, which will continue through discussions by Group Leaders with feedback from Officers.</p> <p>The Cabinet have also sought to establish advisory boards to each of the above Groups which were to be composed of members from each political party.</p>

WDC Annual Governance Statement 2023/24: Action Plan for Governance Issues

AGS Ref	Governance Issue	Responsibility	Action Required / Current Status
5.1.1	The governance and oversight of property compliance and building safety, as highlighted in the report from Pennington Choices.	Head of Housing	A detailed action plan is in place, with monitoring of progress being reported to the Governance Board and the Housing Scrutiny Committee (previously the Asset Compliance Committee). Progress against the plan will continue to be monitored.
5.1.2	The need for the reporting of Performance Data to Councillors and SLT on a regular basis.	Head of Governance	Quarterly reports have started for Overview & Scrutiny Committee
5.1.3	The LGA Corporate Peer Challenge report from July 2023 highlighted (amongst other things) the need to 'Build on the existing processes to further strengthen and ensure transparent and robust governance. Ensure that there is a clear politically-led process for identifying and delivering priorities and sufficient capacity and authority to manage the level of risk of the organisation. Review the effectiveness of the Programme Advisory Boards, and replicate good sectoral practice such as establishing formal, regular statutory officer meetings'.	SLT & Cabinet	The new Corporate Strategy has been implemented and a follow-up peer review meeting has been held during 2024. Progress against the action plan is regularly reported to Cabinet.
5.1.4	The increased requirement for oversight of procurement in preparation for the new procurement regulations (originally due to be implemented in October 2024 but now due to commence in February 2025).	Head of Governance & Head of Finance	Procurement Sub- Group of SLT has been established to support the appropriate procedures and policies coming to Cabinet for consideration. Increased visibility through the Procurement Champions who have asked officers to consider how to promote this further with reporting to public meetings