

NOTICE  
OF  
MEETING

# AUDIT AND GOVERNANCE COMMITTEE

will meet on

**THURSDAY, 28TH JULY, 2022**

**At 7.00 pm**

by

**COUNCIL CHAMBER - TOWN HALL, MAIDENHEAD, ON [RBWM YOUTUBE](#)**

TO: MEMBERS OF THE AUDIT AND GOVERNANCE COMMITTEE

COUNCILLORS LYNNE JONES (CHAIRMAN), JULIAN SHARPE (VICE-CHAIRMAN),  
GURPREET BHANGRA, JOHN STORY AND SIMON BOND

SUBSTITUTE MEMBERS

COUNCILLORS SIMON WERNER, JOHN BOWDEN, GREG JONES, SHAMSUL SHELIM  
AND NEIL KNOWLES

Karen Shepherd – Head of Governance - Issued: 20/07/22

Members of the Press and Public are welcome to attend Part I of this meeting. The agenda is available on the Council's web site at [www.rbwm.gov.uk](http://www.rbwm.gov.uk) or contact the Panel Administrator **Mark Beeley** 01628 796345 / [mark.beeley@rbwm.gov.uk](mailto:mark.beeley@rbwm.gov.uk)

**Recording of Meetings** – In line with the council's commitment to transparency the Part I (public) section of the virtual meeting will be streamed live and recorded via Zoom. By participating in the meeting by audio and/or video, you are giving consent to being recorded and acknowledge that the recording will be in the public domain. If you have any questions regarding the council's policy, please speak to Democratic Services or Legal representative at the meeting.

## AGENDA

### PART I

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## MEMBERS' GUIDE TO DECLARING INTERESTS AT MEETINGS

### Disclosure at Meetings

If a Member has not disclosed an interest in their Register of Interests, they **must make** the declaration of interest at the beginning of the meeting, or as soon as they are aware that they have a Disclosable Pecuniary Interest (DPI) or Other Registerable Interest. If a Member has already disclosed the interest in their Register of Interests they are still required to disclose this in the meeting if it relates to the matter being discussed.

Any Member with concerns about the nature of their interest should consult the Monitoring Officer in advance of the meeting.

### Non-participation in case of Disclosable Pecuniary Interest (DPI)

Where a matter arises at a meeting which directly relates to one of your DPIs (summary below, further details set out in Table 1 of the Members' Code of Conduct) you must disclose the interest, **not participate in any discussion or vote on the matter and must not remain in the room** unless you have been granted a dispensation. If it is a 'sensitive interest' (as agreed in advance by the Monitoring Officer), you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted by the Monitoring Officer in limited circumstances, to enable you to participate and vote on a matter in which you have a DPI.

Where you have a DPI on a matter to be considered or is being considered by you as a Cabinet Member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

*DPIs (relating to the Member or their partner) include:*

- *Any employment, office, trade, profession or vocation carried on for profit or gain.*
- *Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses*
- *Any contract under which goods and services are to be provided/works to be executed which has not been fully discharged.*
- *Any beneficial interest in land within the area of the council.*
- *Any licence to occupy land in the area of the council for a month or longer.*
- *Any tenancy where the landlord is the council, and the tenant is a body in which the relevant person has a beneficial interest in the securities of.*
- *Any beneficial interest in securities of a body where:*
  - a) that body has a place of business or land in the area of the council, and*
  - b) either (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body **or** (ii) the total nominal value of the shares of any one class belonging to the relevant person exceeds one hundredth of the total issued share capital of that class.*

Any Member who is unsure if their interest falls within any of the above legal definitions should seek advice from the Monitoring Officer in advance of the meeting.

### Disclosure of Other Registerable Interests

Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (summary below and as set out in Table 2 of the Members Code of Conduct), you must disclose the interest. **You may speak on the matter only if members of the public are also allowed to speak at the meeting** but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (as agreed in advance by the Monitoring Officer), you do not have to disclose the nature of the interest.

*Other Registerable Interests (relating to the Member or their partner):*

*You have an interest in any business of your authority where it relates to or is likely to affect:*

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority*
- b) any body*
  - (i) exercising functions of a public nature*
  - (ii) directed to charitable purposes or*

*one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)*

### **Disclosure of Non- Registerable Interests**

Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a DPI) or a financial interest or well-being of a relative or close associate, you must disclose the interest. **You may speak on the matter only if members of the public are also allowed to speak at the meeting** but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (agreed in advance by the Monitoring Officer) you do not have to disclose the nature of the interest.

Where a matter arises at a meeting which **affects** –

- a. your own financial interest or well-being;
- b. a financial interest or well-being of a friend, relative, close associate; or
- c. a body included in those you need to disclose under DPIs as set out in Table 1 of the Members' code of Conduct

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied.

Where a matter **affects** your financial interest or well-being:

- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

**You may speak on the matter only if members of the public are also allowed to speak at the meeting** but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (agreed in advance by the Monitoring Officer, you do not have to disclose the nature of the interest.

### **Other declarations**

Members may wish to declare at the beginning of the meeting any other information they feel should be in the public domain in relation to an item on the agenda; such Member statements will be included in the minutes for transparency.

# Agenda Item 3

## AUDIT AND GOVERNANCE COMMITTEE

THURSDAY, 19 MAY 2022

PRESENT: Councillors Christine Bateson (Chairman), Lynne Jones (Vice-Chairman), Julian Sharpe, Gurpreet Bhangra and Simon Bond

Also in attendance: Councillor David Hilton, Councillor Ewan Larcombe, Councillor Helen Price, Lisa Fryer (SWAP), Jonathan Gooding (Deloitte) and Ben Sheriff (Deloitte)

Officers: Mark Beeley, Adele Taylor, Andrew Vallance, Steve Mappley, Emma Duncan, Elaine Browne, Lyn Hichinson, Andrew Durrant and Alysse Strachan

### APOLOGIES FOR ABSENCE

There were no apologies for absence received.

### DECLARATIONS OF INTEREST

There were no declarations of interest received.

### MINUTES

**RESOLVED UNANIMOUSLY: That the minutes from meeting held on 17<sup>th</sup> February 2022 were approved as a true and accurate record.**

Councillor Bond asked if the action around Andrew Vallance providing additional information for some of the questions that he asked at the meeting could be completed.

Andrew Vallance confirmed that he was happy to do this.

### UPDATE ON THE STATEMENT OF ACCOUNTS

Jonathan Gooding, Deloitte, provided an update on the 2019/20 accounts and the audit of the pension fund. Work was largely complete with objections having been completed and Deloitte had issued their letters to the objectors. There was a key point around infrastructure assets and there was a nationwide issue around infrastructure accounting. CIPFA were currently investigating the issue, with the consultation expected to conclude in June. Deloitte were discussing with the RBWM finance team how to best deal with the change in guidance. Subject to the infrastructure matter being resolved, the 2019/20 accounts would be completed shortly.

For 2020/21, the pension fund audit was largely complete with the plan being to complete the full audit by the end of August. On the authority audit, there was still some outstanding work to complete. Deloitte were aiming to complete the 2021/22 audit by the deadline of November.

Councillor Hilton, Cabinet Member for Asset Management & Commercialisation, Finance and Ascot, asked for clarification that the 2019/20 audit was concluded other than how Deloitte would manage asset values.

Jonathan Gooding confirmed that was correct.

Councillor L Jones asked what the timescale was for the infrastructure issue to be resolved and if Deloitte were reliant on another organisation to solve the issue.

Jonathan Gooding explained that the timetable for CIPFA was outside of Deloitte's control. The consultation was due to be concluded in June, Jonathan Gooding was hopeful that the new guidance would be available towards the end of June. Deloitte had to consider whether it was appropriate to conclude before that changing guidance had been issued. RBWM had been providing additional information in this area.

Councillor L Jones said that she was aware of a number of local authorities that had already concluded their 2019/20 accounts. She asked why RBWM needed to wait until the new guidance was issued, why could they not conclude the accounts now and then apply the new guidance going forward.

Jonathan Gooding said that this was a sector wide issue, there was concern about the variable amount of infrastructure assets on the balance sheet nationally and whether disposals were being correctly recorded. CIPFA were working on a change to the guidance to solve the issue and this could change the auditors opinion of the accounts, which was why it was important that the accounts were not concluded too early.

Adele Taylor, Executive Director of Resources, said that it applied to any set of accounts that were still open. Officers did not want to duplicate work on the accounts and the guidance would also have an impact on the 2020/21 and 2021/22 accounts. The infrastructure assets included things like highways and roads, with some of the record keeping even pre-dating some local authorities.

Councillor Bond asked if the council would be responding to the CIPFA consultation. Due to this change in circumstances, he asked if Deloitte still felt the November deadline was achievable for the 2021/22 accounts.

Adele Taylor said that the council would respond to the consultation, it would also be discussed at the meeting of Berkshire S151 officers. She did not envisage this being an issue for the 2021/22 accounts, it was important to get the correct resolution now so that could feed through into future years accounts.

Councillor Sharpe asked how many other local authorities were also affected by this.

Andrew Vallance, Head of Finance, confirmed that it had affected all upper tier local authorities, regardless of which accounting year the authority was currently trying to conclude. The CIPFA consultation was on a temporary solution, so they would need to come up with a permanent solution or the issue could appear again in future.

Councillor Hilton commented that the impact on the accounts was relatively small and the main issue was a delay to concluding the accounts.

Adele Taylor said it was a technical adjustment to the accounts and agreed that the main issue was the timing had been delayed.

Councillor Bhangra asked if RBWM was subject to any penalties for not submitting the accounts on time.

Adele Taylor confirmed that there were no penalties, she needed to keep writing to government departments to confirm details around grants and provide updates on the progress of the accounts.

## AUDIT AND INVESTIGATION ANNUAL REPORT 2021/22

Andrew Vallance said that the report was a summary of the work completed by the previous internal auditors, from the shared service with Wokingham Borough Council. The key piece of information for the Committee to consider was the audit opinion, which was that control was substantially completed and effective but some improvements were required. Most key controls were in place with risks reduced to an adequate level, with a small number of exceptions identified. SWAP would do audits on these areas to ensure that actions had been followed up. Three category 3 opinions had been carried forward; debtors, cash and bank reconciliations, and reconciliations which were financial and non-financial.

Councillor L Jones commented on debtors, she asked if the council picked up on comments like performance against corporate expectations as there was no measure.

Andrew Vallance responded and said that more work would be done corporately on debt.

Councillor L Jones asked if the action plans would be seen by the Committee. She was informed that they would be.

Councillor Sharpe was concerned around the number of outstanding actions and wanted to understand what the impact would be on RBWM finances.

Adele Taylor said that the last two years had been a challenge when considering corporate debt, due to the measures that were put in place. It was not easy to put some of the recommendations in place as a result. Adult social care debt would have a specific focus, the raising of debt was difficult due to the measures from the pandemic. Corporate debt would be a focus area for officers going forward. SWAP would follow up on the recommendations that had been made in the report.

The Chairman commented on the temporary staffing in the housing team, now permanent staff were in place. The temporary accommodation would start in September 2021, the Chairman asked for clarification on if the post was temporary.

Adele Taylor confirmed that it was a permanent post around temporary accommodation.

Councillor Hilton commented on the debt monitoring and that there was no exception reporting so that it was in the threshold of what was expected.

Adele Taylor added that it was an area that officers wanted to focus on, particularly around the performance measures.

Councillor L Jones said that part of the remit of internal audit was to make the relevant Cabinet Member aware of any risks that had been identified and were coming forward. She felt that it would also be appropriate to advise the Chairman and Vice Chairman of the Audit & Governance Committee too. On resource issues impacting the achievement of goals, Councillor L Jones asked if resource issues had been resolved.

Adele Taylor said that there had been significant turnover in the service area, she could not confirm whether the issue had been resolved. Some additional finance temporary resource had been brought in to support the housing team.

Councillor Sharpe said that 40 audits had been undertaken by the shared audit service at Wokingham, six had been completed and eight were substantially complete. This meant that there were a number of outstanding issues which the new internal audit partners, SWAP, would be able to consider.

Adele Taylor clarified that this was the overall audit opinion which had been given by the internal auditors. If everything in the audit came out green, that would be a concern as the council would not be picking up things that needed to be monitored or improved.

Councillor Sharpe agreed that the high risk areas should be focused on.

Councillor L Jones felt that the report was very finance based, the remit of internal audit was more than that. However, reading more of the report this had been noted and she hoped that governance would also be considered by internal audit going forward.

Adele Taylor said that a significant amount of time had to be spent by internal audit considering Covid grants.

**RESOLVED UNANIMOUSLY: That the Audit and Governance Committee noted:**

- i) The annual report from SAIS.**
- ii) The Annual Internal Audit Opinion.**

**INTERNAL AUDIT PLAN 2022/23**

Lisa Fryer, SWAP (South West Audit Partnership), outlined the internal audit plan for 2022/23. SWAP stated the importance of the audit covering risk, governance and the control environment. The plan would form the basis of the audit opinion for next year. A risk-based approach would be followed, SWAP had 26 partners and had picked up a wealth of knowledge from working with them. Follow up work would be done from the previous auditors and SWAP were happy to accommodate requests for audit work. Core systems were covered, like finance and procurement. The council had a huge range of services, regular risk assessments were performed with local issues being based on the Corporate Plan and operational risks. The document was live and needed to be representative of current risks. The plan was broader in scope than the previous year's plan, rather than just focusing on finances. The Q1 Plan which had been presented at the last Committee meeting in February had been incorporated into this full year plan and work had already started on some of those audits. The audits started with those that were linked to the priorities of the Corporate Plan, before moving on to the strategic risks. These risks were all covered other than the regeneration of Maidenhead. Audits would then be completed on corporate themes and follow up reviews, there was an increased focus on counter fraud. The Annual Internal Audit Charter was also included in the report which outlined the roles and responsibilities of the internal auditors in relation to the council.

Councillor Sharpe said it was refreshing to hear the broad range of topics which would be covered by the internal auditors. He asked for reassurance that all of these audits could take place in the financial year.

Lisa Fryer said that SWAP had a fully resourced team and she felt confident that the plan could be delivered. Some audits could take longer but it was a rolling plan and things could change depending on how work progressed. The plan was broad and would therefore not be focused on a specific service area or team which would dilute the impact.

Councillor Sharpe commented on the prioritisation of audits.

Adele Taylor said that prioritisation had come from directors at RBWM where they felt work should be completed. Topics would be broad and therefore the same officers would not constantly be impacted by additional work. The strength of the plan was that it was covering key areas but it would depend on the scope of each audit, the plan was dynamic and could respond as things happened over the course of the year.



Councillor Sharpe said that internal audits could take up a significant amount of time and effort, it was important not to overburden officers.

Councillor L Jones said that she had read internal audit should be a critical friend and advisor on major change. She asked if internal audit would be involved with transformation, as this was where major change occurred at the council. Councillor L Jones asked how the Committee should interact with internal audit outside of meetings.

Adele Taylor said that transformation was part of a number of the topic areas that had been outlined in the plan, rather than being its own separate topic. For example, the charging regime for adult social care was part of transformation and was part of the internal audit. There was the balance of bringing internal audit to comment on things that were planned, along with things that had been put into place. This was the first year of the arrangement and Adele Taylor was keen for the Committee to have involvement in the plan.

Lisa Fryer added that SWAP would support the council with transformation, the plan was live and could be added to as things developed.

Councillor Bond said that some of the reports listed in the plan were interesting, for example on the Corporate Plan. He asked if the reports would be shared with the Committee.

Lisa Fryer said that a draft report would be shared with the people involved and the Executive Director would also receive a final copy. Reporting to the Committee was done by exception, focus was on the areas where lower levels of assurance had been made.

Adele Taylor said the Committee was an important aspect of the assurance of the council.

Councillor Bond commented on the economic recovery report, he said it would be interesting to read what was going on in this area.

Councillor L Jones said that there was a risk around the workforce particularly with the shortage of skills. She asked what could be done to help RBWM understand these risks.

Adele Taylor explained that a lot of reporting was done on the workforce, for example the annual turnover report. It could be something that the Corporate Overview & Scrutiny Panel could consider, rather than internal audit. She was happy to discuss this with Councillor L Jones outside of the meeting.

Councillor L Jones said it was primarily focused around the RBWM workforce being sufficient and appropriate, she was happy to discuss it with Adele Taylor after the meeting.

Councillor Larcombe said that he had some concerns about expenditure in Wraysbury. He said that these had been submitted in writing but had been converted into Freedom of Information requests. Councillor Larcombe commented on the SWAP report where it stated that internal audit would have access to all and any information that it required to complete its work. Therefore, he asked if he should take his concerns directly to SWAP.

Adele Taylor said that she was aware that Councillor Larcombe had been involved with discussions with the external auditors and the matters were being dealt with. This was more appropriate than going through internal audit.

**RESOLVED UNANIMOUSLY: That the Audit and Governance Committee noted the report and approved the Internal Audit Plan for 2022/23.**

#### KEY MANAGEMENT REPORT

Steve Mappley, Insurance & Risk Manager, explained that he brought the report to the Committee every six months to outline the key strategic risks, so that the Committee was

provided with assurance that processes were in place to mitigate key risks. Key operational risks were also mentioned in the report. The approach to management of risk was detailed which showed things like metrics, definitions, processes, responsibilities and the assurance strategy.

Councillor L Jones noted that a risk around the failure to deliver a sound Borough Local Plan had been removed. She said that there was a possible court case around this and asked if this risk had been removed too soon.

Emma Duncan, Monitoring Officer and Deputy Director of Law & Strategy, said that the consequence of legal action on things like the accounts was considered as this could have a material impact on the budget. When the Annual Governance Statement was considered later in the year, there would be a risk management framework which would include consideration of any legal risks. There were no legal risks at the current time which would impact on the budget or finances of the council. Considering the Borough Local Plan, the worst case scenario was that the court would declare that the council had made the wrong decision and the decision would then simply need to be remade. Therefore, the risk to the council in this case was not substantial.

Councillor L Jones said that if there was a delay to income due to the Borough Local Plan, this would then not be considered a material issue. If it progressed further, then that judgement could change.

Emma Duncan confirmed that this was correct, the court case was not yet off the ground. If required, the council could review the risk to this legal challenge should things progress.

Councillor Hilton asked if a court case could only be successful if the review found that there was a fault in how the council arrived at the decision that had been made.

Emma Duncan said that the decision could be referred back to the council, or if the court decided the decision would have been made anyway regardless of the fault then the decision would not need to be remade.

Councillor L Jones was concerned that flooding had not been mentioned in the risk register, it had impacted the council a significant amount in the past.

Steve Mappley said that flooding was on the risk register but was treated as an operational matter rather than a strategic one. The Executive Director for Place had considered how well the council could deal with an emergency situation arising due to a flooding event and also what were the prevention measures to stop the event before it occurred. Steve Mappley said that he was happy to circulate the detail of the risk to Members of the Committee after the meeting.

**ACTION – Steve Mappley to circulate the detail on the flooding risk to Members of the Committee.**

Councillor L Jones was concerned that the withdrawal of financial stimulus by the government could affect the financial strategy, particularly as one off grants from the government may not be coming. She asked how this had been taken into account on this risk.

Andrew Vallance said that no council had certainty on government grants. All officers could do was continue to monitor it, the Medium Term Financial Strategy would be brought forward in the next few months. The current position on financial settlements was short term.

Councillor L Jones noted that Cabinet Members were informed of changes to key risks, she asked if the Chairman and the Vice Chairman of the Committee should also be kept informed of changes as they occurred.

Adele Taylor said that one of the first elements of the internal audit plan for the financial year was around risk management and a review of the risk management processes which the council undertook. Cabinet Members were informed of changes during their Cabinet Member briefings, Shadow Cabinet Members were also briefed of changes. If anything changing was a key strategic risk, officers would look to brief all Members.

Councillor Hilton confirmed that during his Cabinet Member briefing, a significant part of the discussion was around risk.

The Chairman asked how far in advance officers were notified about the changes to funding from the government.

Adele Taylor explained that the budget was brought forward with the knowledge that officers had at the time. Officers were usually notified in December each year of any withdrawal of funding from the government. Any risks where there was concern that funding would not come forward were highlighted to Members.

Councillor L Jones asked for an explanation of the risk appetite and how capacity could affect this.

Steve Mappley said that the risk appetite was where the council would be prepared to accept a given level of impact should the risk occur. Controls were used to bring the current risk exposure to a level consistent with whatever the appetite assessment position was.

Councillor Bond commented on the definitions for risk appetite in the report but could not see how they linked back to the risk register.

Steve Mappley said that he was hoping to provide the risk appetite definitions in the risk register going forward, due to an improvement in the software used.

Adele Taylor added that risk management was being reviewed so there could be some changes made.

**RESOLVED UNANIMOUSLY: That the Audit and Governance Committee noted the report and approved the Risk Management Strategy.**

#### RECOMMENDATION FROM CABINET

Emma Duncan explained that the report had been considered by Cabinet earlier in the year. The report was regarding an amendment to the waste contract, with the mitigation actions being considered by the Committee for review. The authorisation for the amendment to the waste contract had been made by an officer, this was over £500,000 and was above the threshold for delegated decision making and the decision should have therefore been made by Cabinet. As a result, the decision had been referred back to Cabinet to make the decision. The issue should have been picked up earlier by officers and the Chief Executive had apologised to Cabinet at the meeting. Mitigation methods had been considered to ensure that this did not happen again. The internal audit plan showed that audits would be completed on procurement compliance, along with delegated decision making. Some work had been done on procurement in last year's Annual Government Statement and the accompanying action plan.

The steps that had been taken by officers to avoid this happening again were:

- Contract Standing Orders had been revised to emphasise key decision limits.
- The decision-making guidance covering key decision thresholds and delegated decisions had been reissued and would be discussed at Corporate Leadership Team.

- A decision tracker had been implemented for papers submitted to Cabinet, so that there was clarity around if decisions were required and the constraints around the decision-making process.
- Procurement already existed as an area for action within the Annual Governance Statement with a Procurement Toolkit and training planned and the reissued decision-making guidance would be promoted as part of this process.

Emma Duncan was confident that the mitigation put in place would ensure that the chance of a mistake like this happening again was reduced. The audits planned from SWAP would supplement training and advice given to officers. It was important to have a culture of good governance and transparency, this was an improvement of processes.

Councillor Sharpe said that it was good to see the report come to the Committee. The report showed that the council could put in place a process to prevent this from happening again.

Councillor L Jones said that she had two questions from a resident and one question of her own. The resident had asked for further detail on how this had come to light, particularly as initial concerns appear to have been rebuffed. The resident also requested to know if other contracts had also been reviewed recently as a result. Councillor L Jones asked what the threshold was for a delegated decision to be published as an officer decision notice.

Emma Duncan confirmed that Councillor L Jones had initially queried the amendment to the waste contract as potentially being an issue. She felt that rebuffed was harsh but there would be a discussion on any concerns that were raised by Members or officers. On officer decision notices, it was up to the council at what level decisions were published as the guidance was not clear. Emma Duncan had been in discussion with the Statutory Officers Group to determine what the level should be. It was currently left to officers to publish officer decision notices that they felt were appropriate in the public interest. Emma Duncan said that she would like to see more delegated decisions published going forward. RBWM had not conducted a detailed analysis of the contracts that had been entered in to. There would be work done to ensure that if contracts were changed or amended that the processes were correct. There had been a reduction in the number of waivers used and there was a managed process of oversight on procurement. The procurement message needed to be consistent across the authority.

Councillor Bond noted that this issue first arose in February 2021 and November 2021, he asked if work would be done to improve the timescales so that an informed decision could be made. He asked if procurement included contract amendments.

Emma Duncan responded by saying that there were broad project plans now in place for major procurements so the risk of this happening again was greatly reduced. Things could change over the course of a long contract. Variations of contracts occurred as part of the procurement process, amendments needed to comply with the regulations on public procurement. Waivers were put in place if required in order to meet service needs if a contract was near to ending. The Procurement Manager produced a report on procurement issues every quarter for the Statutory Officers Group and was also considered as part of the Monitoring Officer annual report.

Councillor Bhangra asked when the issue was discovered and how long it was before action was taken.

Emma Duncan confirmed that it was brought to her attention just before Christmas, work was then done to consider how the decision had been made. A section 5 report was then produced in collaboration with the Chief Executive and the Executive Director of Resources, the report was brought to the next Cabinet meeting after this had been completed.

Councillor L Jones asked for a comment to be made to Cabinet, that officer decision notices needed to be put on a more formal footing, particularly those with a financial aspect. Decisions over a certain amount needed to be published in the public domain.

Emma Duncan suggested that this could be something for the Constitution Working Group to consider, Councillor L Jones was a member of this group. The group could then consider if it wanted to make any changes to the constitution, which it would recommend for adoption by Full Council.

**RESOLVED UNANIMOUSLY: That the Audit & Governance Committee:**

- i) Reviewed the suggested improvements to process which had been identified in the report.**
- ii) Recommended that the Constitution Working Group reviewed how officer decision notices were published, particularly the threshold at which decisions that had a financial impact were published.**

WORK PROGRAMME

Mark Beeley, Democratic Services Officer, informed the Committee that there had been a suggestion from Councillor L Jones on the timescales for a review of the code of conduct in the items 'suggested but not yet programmed' section. This had been suggested at a previous meeting of the Committee and added to the work programme. After discussion with officers, it was advised that this item would fall under the remit of the Member Standards Panel rather than the Audit & Governance Committee.

Emma Duncan said that the timescales had been included as part of the Monitoring Officer report, this would come forward in June.

The meeting, which began at 7.00 pm, finished at 9.00 pm

CHAIRMAN.....

DATE.....

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Report Title:	<b>Annual Governance Statement and Action Plan 2021/22</b>
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Johnson, Leader of Council
Meeting and Date:	Audit and Governance Committee 28 July 2022
Responsible Officer(s):	Emma Duncan, Monitoring Officer and Deputy Director of Law and Strategy
Wards affected:	All



## **REPORT SUMMARY**

1. This report presents the draft 2021/22 Annual Governance Statement (AGS), including the AGS Action Plan for the forthcoming year.
2. It recommends that the Panel considers the content and recommends the 2021/22 AGS to the Leader and Chief Executive for signature and presentation with the Annual Statement of Accounts.
3. The recommendation is being made to ensure that the council meets its statutory requirements and those of the Committee's Terms of Reference to be satisfied that the council has in place appropriate corporate governance systems and controls.

### **1. DETAILS OF RECOMMENDATION(S)**

**RECOMMENDATION:** That the Audit and Governance Committee notes the report and:

- i) **Considers the draft 2021/22 AGS, identifying any specific matters which should be brought to the attention of Council or Cabinet;**
- ii) **Recommends the 2021/22 AGS to the Leader of the Council and Chief Executive for signature and publication with the Council's Statement of Accounts**
- iii) **Requests that update reports be provided to the Committee summarising progress on the AGS Action Plan**

### **2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED**

**Table 1: Options arising from this report**

<b>Option</b>	<b>Comments</b>
Consider the draft 2021/22 AGS and Action Plan and recommend it to the Chief Executive and Leader of the Council for signature and publication	This will ensure that the council meets its statutory requirements. In addition, the Committee will comply with its responsibilities as

Option	Comments
with the council's Statement of Accounts. <b>This is the recommended option</b>	set out within its Terms of Reference in respect of the council's governance arrangements.
Note the draft 2021/22 AGS and propose further changes before submission to the Chief Executive and Leader of the Council.	Members may wish to propose that the AGS is amended if they feel that there are material issues which have not received sufficient emphasis or are not covered.
Not recommend the 2021/22 AGS.	The council will not meet its statutory requirements, and this may expose the council to an avoidable risk, arising from not having an adequate governance framework in place. This could result in a qualification in the External Auditors' Annual Management Letter.

2.1 The annual review of the council's governance framework is required under the Accounts and Audit Regulations 2015 which state that 'A relevant authority must ensure that it has a sound system of internal control' (Regulation 3) and 'each financial year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement' (Regulation 10).

2.2 The AGS is required to demonstrate that systems and processes are in place to ensure that council business is conducted lawfully and in accordance with proper standards and to identify areas where compliance could be improved.

2.3 The AGS is prepared having regard to the principles contained in the CIPFA (Chartered Institute of Public Finance) Guidance "Delivering Good Governance" (2016) and Guidance - CIPFA Bulletin 06 Application of the Good Governance Framework 2020/21.

2.4 In November 2021 the council agreed a new Corporate Plan 2021-26 with an overarching vision of 'Creating a sustainable borough of innovation and opportunity' framed around three key objectives:

- Thriving Communities: Where families and individuals are empowered to achieve their ambitions and fulfil their potential.
- Inspiring Places: Supporting the borough's future prosperity and sustainability
- A Council trusted to deliver its promises

2.5 The AGS supports the Corporate Plan, in particular the objective 'A Council trusted to deliver its promises'.



2.6 As part of the Council's improvement journey the Council's key governance statutory officers (Head of Paid Service, S151 Officer, Monitoring Officer, and deputies) meet as the Statutory Governance Officer Group to discuss governance related issues and lead on the preparation of the AGS

2.7 As part of preparing the AGS for 2021/22 a review has been undertaken against the Centre for Governance and Scrutiny's "Governance Risk and Resilience Framework" which aligns with the CIPFA Code which underpins the AGS

2.8 The outcomes from this together with other issues from the AGS 20/21, issues identified from the Monitoring Officer report, issues raised through audit, complaints or other routes form the basis for the AGS 20/21 and Action Plan.

2.9 Key areas for focus this year are grouped thematically around the good governance principles and allow for a managed process of improvement. These are set out in more detail in the draft AGS and Action Plan at Appendix B with timescales, and will be reviewed by the Committee regularly

2.10 Once recommended by the Panel, the AGS is required to be signed off by the Chief Executive and the Leader of Council and presented with the council's 2021/22 Statement of Accounts to fulfil the council's statutory obligations.

2.11 The external auditor is then required to comment on the content of the AGS in terms of whether it correctly represents the organisation.

### 3. KEY IMPLICATIONS

#### 3.1

**Table 2: Key Implications**

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
The council has a process in place to meet the core principles of good governance supporting good performance and outcomes for service users / residents.	Poor service performance and outcomes for service users / residents	Good service performance and outcomes for service	n/a	n/a	ongoing
Residents will have assurances that the principles of good governance are incorporated into the	Loss of residents' confidence. Council reputation may be affected.	Residents' confidence in place. Council reputation protected.	n/a	n/a	ongoing

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
council's normal business processes, providing them with confidence in the decision-making and management processes and in the conduct and professionalism of its Members, officers, partners, and other agents in delivering services.					

#### **4. FINANCIAL DETAILS / VALUE FOR MONEY**

- 4.1 There are no financial implications directly arising from the report, however good governance clearly helps RBWM (Royal Borough of Windsor and Maidenhead) manage its resources effectively.

#### **5. LEGAL IMPLICATIONS**

- 5.1 None arise directly as a result of the recommendation in the report, however good governance clearly helps the council meet its legal obligations to its residents and service users and protects the Council from legal challenge. More importantly good governance is the cornerstone of building trust between the council and the people that it serves.

#### **6. RISK MANAGEMENT**

- 6.1

**Table 3: Impact of risk and mitigation**

<b>Risk</b>	<b>Level of uncontrolled risk</b>	<b>Controls</b>	<b>Level of controlled risk</b>
Poor Governance/legal challenge/council not meeting its objectives	High	Those identified as part of the Code of Corporate Governance	Medium

#### **7. POTENTIAL IMPACTS**

- 7.1 An EQIA is attached at Appendix A.

- 7.2 Climate change/sustainability. Not relevant.
- 7.3 Data Protection/GDPR. No personal data is processed as a result of the recommendation in this report.

**8. CONSULTATION**

- 8.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".
- 8.2 This is an internal governance function and does not require consultation.

**9. TIMETABLE FOR IMPLEMENTATION**

- 9.1 Timescales for implementation are contained in the Action Plan.

**10. APPENDICES**

- 10.1 This report has two appendices:
  - Appendix A - Equalities Impact Assessment
  - Appendix B - The draft AGS and Action Plan.

**11. BACKGROUND DOCUMENTS**

- 11.1 This report is supported by 3 background documents:
  - CIPFA "Delivering Good Governance" 2016.
  - CfGS (Centre for Governance and Scrutiny) "Governance Risk and Resilience Framework" 2021.
  - Guidance – CIPFA Bulletin 06 Application of the Good Governance Framework 2020/21

**12. CONSULTATION**

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent</b>	<b>Date returned</b>
<i>Mandatory:</i>		<i>Statutory Officers (or deputies)</i>	
Adele Taylor	Executive Director of Resources/S151 Officer		
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer		
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)		

Elaine Browne	Head of Law (Deputy Monitoring Officer)		
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)		
<i>Mandatory:</i>	<i>Procurement Manager (or deputy) - if report requests approval to award, vary or extend a contract</i>		
Lyn Hitchinson	Procurement Manager		
<i>Other consultees:</i>			
<i>Directors (where relevant)</i>			
Duncan Sharkey	Chief Executive		
Andrew Durrant	Executive Director of Place		
Kevin McDaniel	Executive Director of Children's Services		
<i>Heads of Service (where relevant)</i>			
	Head of .....		
<i>External (where relevant)</i>			
N/A			

Confirmation relevant Cabinet Member(s) consulted	Councillor Johnson. Leader of the Council and Councillor Rayner, Cabinet Member for or Business, Corporate & Residents Services, Culture & Heritage, & Windsor	Yes
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## REPORT HISTORY

<b>Decision type:</b>	<b>Urgency item?</b>	<b>To follow item?</b>
Audit and Governance Committee decision	No	No

Report Author: Emma Duncan, Deputy Director of Governance, Law and Strategy 07583074039

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

### EqIA : Annual Governance Report Action Plan

#### Essential information

Items to be assessed: (please mark 'x')

Strategy		Policy		Plan		Project		Service/Procedure	X
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Responsible officer	Emma Duncan	Service area	Governance/Law	Directorate	Governance, Law, Strategy
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<b>Stage 1: EqIA Screening (mandatory)</b>	Date created: 100722	<b>Stage 2 : Full assessment (if applicable)</b>	Date created : n/a
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Approved by Head of Service / Overseeing group/body / Project Sponsor:

*"I am satisfied that an equality impact has been undertaken adequately."*

Signed by (print): Emma Duncan

Dated:100722

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

### EqIA : Annual Governance Report Action Plan

#### Guidance notes

##### What is an EqIA and why do we need to do it?

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with 'protected characteristics' and those without them.
- Fostering good relations between those with 'protected characteristics' and those without them.

EqIAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqIA Screenings are required to be publicly available on the council's website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

##### What are the "protected characteristics" under the law?

The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

##### What's the process for conducting an EqIA?

The process for conducting an EqIA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

##### Openness and transparency

RBWM has a 'Specific Duty' to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

##### Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

### EqIA : Annual Governance Report Action Plan

#### Stage 1 : Screening (Mandatory)

##### 1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?

The report relates to the Annual Governance Statement. This is a governance and process issue.

**1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as “Not Relevant”.**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

### EqIA : Annual Governance Report Action Plan

Protected characteristics	Relevance	Level	Positive/negative	Evidence
<b>Age</b>	n/a			<i>Key data: The estimated median age of the local population is 42.6yrs [Source: <a href="#">ONS mid-year estimates 2020</a>]. An estimated 20.2% of the local population are aged 0-15, and estimated 61% of the local population are aged 16-64yrs and an estimated 18.9% of the local population are aged 65+yrs. [Source: ONS mid-year estimates 2020, taken from <a href="#">Berkshire Observatory</a>]</i>
<b>Disability</b>	n/a			
<b>Gender re-assignment</b>	n/a			
<b>Marriage/civil partnership</b>	n/a			
<b>Pregnancy and maternity</b>	n/a			
<b>Race</b>	n/a			<i>Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show a rise in the BAME population. [Source: 2011 Census, taken from <a href="#">Berkshire Observatory</a>]</i>
<b>Religion and belief</b>	n/a			<i>Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from <a href="#">Berkshire Observatory</a>]</i>
<b>Sex</b>	n/a			<i>Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from <a href="#">Berkshire Observatory</a>]</i>
<b>Sexual orientation</b>	n/a			



# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

### EqIA : Annual Governance Report Action Plan

#### Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No			
Does the strategy, policy, plan etc require amendment to have a positive impact?	No			

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

### EqIA : Annual Governance Report Action Plan

#### Stage 2 : Full assessment

#### 2.1 : Scope and define

**2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.**

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**2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? List those groups who the work is targeting/aimed at.**

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**ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD  
EQUALITY IMPACT ASSESSMENT**

**EqIA : Annual Governance Report Action Plan**

**2.2 : Information gathering/evidence**

**2.2.1 What secondary data have you used in this assessment?** *Common sources of secondary data include: censuses, organisational records.*

**2.2.2 What primary data have you used to inform this assessment?** *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

**Eliminate discrimination, harassment, victimisation**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

### EqIA : Annual Governance Report Action Plan

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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**Advance equality of opportunity**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

### EqIA : Annual Governance Report Action Plan

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

### EqIA : Annual Governance Report Action Plan

#### Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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**2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates.**

*These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.*

**ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD**  
**EQUALITY IMPACT ASSESSMENT**  
**EqIA : Annual Governance Report Action Plan**

## Annual Governance Statement 2021/22

### Scope of Responsibility

1. The Royal Borough of Windsor and Maidenhead ('the Council') is responsible for ensuring that its business is conducted in accordance with the law, proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The 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.
2. This statement summarises the outcome of the Council's review of the governance arrangements that have been in place during 2021/22.
3. The Council is responsible for ensuring that there is a sound system of governance which incorporates the system of internal control. The local code of governance is underpinned by the seven principles of good governance set out in the CIPFA/SOLACE publication 'Delivering Good Governance in Local Government: Framework 2016'.
4. The Local Code of Governance framework comprises a collection of systems, policies, procedures, rules, processes, behaviours and values by which the Council is controlled and governed. The Framework has been reviewed during the current financial year.
5. The effectiveness of key elements of the governance framework are assessed throughout the year by the Statutory Governance Officer Group, Directors Team, Corporate Leadership Team (CLT), the Audit and Governance Committee, Internal Audit and other Officers and Members as required. The review of effectiveness is informed by the work of senior officers who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and from comments received from external auditors and other review agencies and inspectorates.
6. This Annual Governance Statement (AGS) explains how the Council has complied with its Code of Corporate Governance and also meets the requirements of regulation 6(1)(b) of the Accounts and Audit Regulations 2015.
7. This year the AGS also takes into account the guidance provided by CIPFA Bulletin 06 Application of the Good Governance Framework 2020/21 in relation to the Covid 19 pandemic.



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

8. The governance framework comprises the systems, processes, culture and values by which the Council is managed and controlled. The framework also sets out how the Council accounts to, engages with and leads the community.
9. The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
10. 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 as an individual's failure to comply with policies and procedures, even when provided with comprehensive training on them, can never be entirely eliminated.
11. The system of internal control is based on an ongoing process designed to:
  - (a) identify the risks to the achievement of the Council's policies, aims and objectives;
  - (b) evaluate the likelihood and impact of the risks should they be realised; and
  - (c) identify and implement measures to reduce the likelihood of the risks being realised and to manage them efficiently, effectively and economically.

## **The governance framework**

In 2016 CIPFA/SOLACE issued revised best practice guidance for Delivering Good Governance in Local Government. The framework sets out seven principles that should underpin the governance of each Local Authority as:

- A. Behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the public sector also requires effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

This has now been supplemented by work done by the Centre for Governance and Scrutiny through the "Governance Risk and Resilience Framework" 2021 which give authorities a method of strength testing their governance control environment against the CIPFA principles.

### **Review of effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.

In 2021/22 this review was led by the Statutory Governance Officers Group comprising the Chief Executive, Monitoring Officer, s151 Officer, Head of Legal, Head of Finance and Head of Governance, with input from other officers as relevant. The review was informed by the work of:

- The Chief Executive, Directors and Monitoring Officer (and Deputies) who have responsibility for the development and maintenance of the governance environment. This was through a process of consulting on a draft Annual Governance Statement.
- The Head of Internal Audit's annual report and opinion, and by comments made by the external auditors and other review agencies and inspectorates.
- Deloitte, the Council's external auditor.
- The Council's Section 151 Officer who has statutory responsibility for ensuring the proper management of the Council's financial affairs.
- The Council's Overview & Scrutiny Panels and Audit and Governance Committee
- The CIPFA review of Financial Governance undertaken in July 2019
- LGA Peer Review undertaken in January 2022

The Statutory Governance Officers Group meets regularly to discuss corporate governance arrangements and issues, and to reflect on recurring themes and spheres of activity relating to Council improvement. References in this document referring to the statutory officers will also include reference to the deputy positions. The Group has reviewed and updated the Local Code of Corporate Governance to ensure it reflects the 2016 CIPFA/SOLACE guidance in respect of delivering good governance. The revised document was published following review by the Corporate Overview and Scrutiny Panel on 27 May 2020.

The review this year has been undertaken in line with the Centre for Governance and Scrutiny's Risk and Resilience framework which is underpinned by the CIPFA Good Governance Principles resulting in the areas for action be identified in the action plan below.

## Findings

The findings of this review are outlined under points below:

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

#### **Behaving with integrity**

All Council employees and Members must conduct themselves in accordance with the terms of the Officers' Code of Conduct and Members' Code of Conduct (part 7C and 7A of the Constitution).

On joining the Council officers are provided with a contract outlining the terms and conditions of their appointment. All staff must sign a code of conduct and declare any financial interests, gifts or hospitality on a register.

All Members have attended training on the Code of Conduct. A new Code has been adopted this year by Council and training has been made compulsory.

The Member Standards Panel advises the Council on the Code of Conduct for Members and promotes high standards of conduct by Members. The Committee's terms of reference are set out in Part 6 of the Constitution. Records of the Committee's meetings and decisions are available online.

On becoming a Member of the Royal Borough, all Councillors are required to sign a declaration of acceptance of office which includes an undertaking to observe the code of conduct and the Nolan Principles.

Members are required to register details of Disclosable Pecuniary Interests and a series of interests defined by the Code of Member Conduct. Declarations are required to be completed within 28 days of becoming a Member (or being re-elected or reappointed) in the Authority's Register of Members' Interests.

Complaints in relation to the Member Code have increased this year and this was addressed within the LGA Corporate Peer Challenge.

This year work has been undertaken with Members in relation to addressing issues on social media.

## **Demonstrating strong commitment to ethical values**

The governance function of the Council is growing in robustness with a focus on ethical values. The appointment of two Deputy Monitoring Officers and a new Independent Person has strengthened this function, together with the legal service being brought in house. A new Code of Conduct has been developed by the LGA for adoption on a national basis. This was considered by full Council in April 2021 and a new code adopted, which was followed by additional training. Guidance and support has been provided to Members across all groups in relation to the application of the Code.

The Monitoring Officer reports annually to the Member Standards Panel on the operation of the Code of Conduct and other associated ethical issues through their annual report and reports on any issues that trigger the Section 5 duty.

Member behaviour was an issue identified by the Peer Review Team and work is being undertaken to address those issues.

The Section 151 Officer is the Executive Director for Resources and is responsible for financial administration and financial probity and prudence in decision making and supported by the Head of Finance as the Deputy s151. Both roles are defined within Part 5B of the Constitution.

The Head of Internal Audit is responsible for providing assurance on internal controls, governance and risk management arrangements and ensuring that there are adequate mechanisms in place for the investigation and reporting of fraud. A new delivery partner (South West Audit Partnership) has been appointed since April 2022.

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and officers regarding the administration of financial affairs. The Corporate Policy on the Prevention and Detection of Fraud and Corruption (updated Feb 2021) conforms to legislative requirements and sets out steps to minimise the risk of fraud, bribery, corruption and dishonesty and procedures for dealing with actual or expected fraud.

The Council is committed to achieving the highest possible standards of openness and accountability in all its practices. The Council's Whistleblowing Policy (updated March 2019) sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.

Members and officers are required to comply with approved policies.

## **Respecting the rule of law**

The Monitoring Officer is the Deputy Director, Law and Strategy and is responsible for ensuring lawfulness in decision making supported by two Deputy Monitoring Officers, the Head of Governance and the Head of Law.

All reports prepared for Cabinet require legal advice to be sought prior to their submission, and all reports to Cabinet or Cabinet Members must incorporate comments from both the Section 151 Officer and Monitoring Officer (or their deputies) before they are submitted for consideration. The reports are also considered at a Leaders Board meeting before the public meeting.

The scheme of delegations to officers, to committees and to Cabinet members ensures that decisions are not ultra vires whilst allowing the Council to exercise its powers in a convenient way.

The Action Plan for the 2019/20 AGS identified that better guidance, controls and instructions to officers were needed to ensure that all decision making complied with the scheme of delegation in the Constitution. Guidance documentation on decision making has been revised and updated and issued to all members of the Corporate Leadership Team for wider dissemination. Training for key officers and Members on roles and responsibilities has been delivered.

Delegated decisions are recorded but could be better and this is a particular area of focus for the forthcoming year.

The Council seeks to comply with both the specific requirements of legislation and the general responsibilities placed on it by the common law and public law, bringing the key principles of good administrative law into processes and decision making.

The Council has not been subject to any successful judicial reviews of its decisions.

In particular, the process around equality impact assessments (EQIAs) has been strengthened and through work on Equality, Diversity and Inclusion, these will be further strengthened.

This year the control environment relating to procurement will be further embedded, focusing on more scrutiny on contracts procured outside the standing orders and those needing re-procurement having been initially procured during the Covid 19 pandemic.

## **B: Ensuring openness and comprehensive stakeholder engagement.**

### **Openness**

It is recognised that people need information about the decisions the Council has taken into account that impact the services they provide. The views of customers are at the heart of the Council's service delivery arrangements. The Council uses a number of methods to communicate the Council's objectives and achievements to local people, including:

- ‘Around the Royal Borough’ – a newsletter sent to all residents and weekly online residents newsletter and other service specific newsletters.
- The Council Website
- Social Media including Facebook and Twitter including some service specific accounts
- The annual online Council Tax leaflet
- E newsletter to parishes

The RBWM website is accessible to a wide audience, with relevant and regularly updated news articles online.

The council also has a number of user forums, including the Learning Disability Partnership Board, and the Children in Care Council, which it uses to engage with people it supports, residents, businesses and other stakeholders to enable them to inform the development and delivery of council services.

Copies of the agendas, documents, minutes and decisions of all Committees, Cabinet and Council are available promptly online and an interactive online calendar of future meetings enables public attendance where appropriate.

All public meetings are live streamed via the Council's e-democracy channel on YouTube. This has ensured more transparent decision making.

The Council has a dedicated webpage for consultations where details of current consultations can be located and is seeking to support wider consultation through the use of a dedicated engagement platform, Engagement HQ.

The Council operates a clear and transparent policy and procedure for dealing with complaints about the Council's services and reports on complaints received and lessons learnt.

RBWM publishes data under the Government's Transparency Code including Council spending, Council contracts and senior salaries.

The Council's Publication scheme details the different classes of information which RBWM routinely makes available, and the Freedom of Information webpage provides guidance for the public about what information is available to them and how they can access it, including via Freedom of Information (FOI), Environmental Information and Subject Access Requests. RBWM publishes all responses to FOI requests.

RBWM's commitment to transparency, as detailed above, enables the public to assess this and they can then use the complaints policy and the consultation process to feed back their views.

The Corporate Plan, developed with partners, outlines how RBWM commits to work in the public interest. This takes an evidence-based approach and has now been approved.

New performance indicators and metrics have been developed to support the corporate plan and will lead to greater accountability. A new performance framework has been developed and is able to be accessed through the newly launched “Citizens Portal”, that gives enhanced visibility over all of the data being collected and monitored.

A Resident’s Survey is being conducted to baseline some of the “Council Trusted to Deliver” metrics, this will allow the Council to understand and report on levels of satisfaction with Council services and the way that the Council and area are perceived.

A new approach is being taken to embed inclusivity in the way that the Council engages with its communities with a new Engagement Strategy in the process of development.

### **Engaging comprehensively with institutional stakeholders**

Partnerships are about the Council coming together with the right organisations to deliver improved outcomes for local people. The Council is involved in many different partnerships at different levels, each with their own set of terms of reference for effective joint working which is set out in the Council’s Partnership Protocol. The Communications Strategy 2019/20 outlines how RBWM communicates with all sections of the community, employees and stakeholders.

RBWM proactively engages with the community in order to seek out their views, actively listen to them and support them to respond. There are a range of ways in which people can be involved in shaping decisions. These are inclusive and meet individual needs. RBWM also supports a number of groups to provide views to the Council including a Youth Council and the Disability and Inclusion Forum.

A consultation framework has been developed so that there is a consistency of approach across all of RBWM.

This seeks to ensure that the Consultation that is presented to the public engages with the target communities and seeks a full set of responses which can be used to inform the Council’s decision making. The consultation portal ‘Engagement HQ’ is used by RBWM for both public and internal consultations.

There is a list of open and closed consultations available on the website and purpose of each consultation is described so it is possible to take part in those that are open.

This includes statutory consultations, surveys which can be completed online or paper questionnaires plus telephone and accessible format options, focus groups, face to face interviews, workshops and consultation/discussion events.

A budget consultation was undertaken during December 2021 and January 2022. It was open to the public and promoted through social media, print media, business, voluntary and charity sector networks.

Key stakeholders and residents were consulted on the emerging Corporate Plan.

All communications are branded to ensure that they are easily recognised, and the information can be translated into different languages and alternative formats as required.

The constitution allows public speaking at Cabinet and other committees, and for public questions to be heard at Full Council.

The pandemic has encouraged the public to attend meetings online in increasing numbers. These can also be viewed on demand through the council's e democracy channel on YouTube. New audio visual equipment has been installed in the Council Chamber to enable a good quality of broadcasting online and improve functionality in the Chamber.

The Petitions Scheme is available online.

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

During 2021/22 the Council developed its new Corporate Plan and following consultation with Members, stakeholders and residents the plan was approved in November 2021.

The corporate plan sets out an overarching vision of 'Creating a sustainable borough of innovation and opportunity' and is framed around three key objectives:

- **Thriving Communities:** Where families and individuals are empowered to achieve their ambitions and fulfil their potential.
- **Inspiring Places:** Supporting the borough's future prosperity and sustainability.
- **A Council trusted to deliver its promises.**

The plan sets out the following priorities, which respond to evidence on the key challenges within the borough and the priorities of our residents:

- Taking action to tackle climate change and its consequences, and improving our natural environment: the council has declared a Climate Emergency, and this priority sets out the actions we will drive forward as a council – and collectively – to reduce emissions, protect our natural environment and to adapt to climate impacts.
- Quality infrastructure that connects neighbourhoods and businesses and allows them to prosper: this recognises the need to invest in new infrastructure to support the borough's future prosperity and sustainability, including digital, low carbon, transport and community infrastructure.
- A ladder of housing opportunity, to support better life chances for all: this recognises the challenges faced by many residents due to the lack of affordable housing in the borough. Helping more residents into affordable, sustainable homes, is a key part of our strategy to reduce inequality.



The Plan is supported by a new performance management framework.

### **Defining outcomes**

The Citizens' Portal is a new public dashboard, which provides information about the council's performance.

The portal enables the public to view the council's performance and progress against the goals for 2021-26. It has been developed to improve transparency and accountability. Performance is tracked against each of the 50 goals in the Plan, as part of the performance management framework.

The Citizens' Portal provides easy access to a wide range of information. It is structured around the three objectives and 50 goals in the Corporate Plan. A selection of metrics and / or milestones have been included under each goal, to enable the public to view our progress.

The portal is focused on the outcomes the Council wants to achieve in the borough and presents data showing progress and performance on the delivery of key programmes – from electric vehicle charging points, to rates of childhood obesity.

Performance data is used by services to manage at a service level but also to improve performance across the whole Council through the Performance and Risk Management Board, an officer working group.

Performance Reports are considered by the Corporate Overview and Scrutiny Panel and supported by the Policy and Performance Team. The Panel can refer issues to either of the other two Overview and Scrutiny Panels. This allows the Panels to drill down into detail on outcomes to understand and challenge performance across the authority

### **Sustainable economic, social and environmental benefits**

As identified above the Council approved a five year plan in November 2021.

The plan sets out the following priorities, which respond to evidence on the key challenges within the borough and the priorities of our residents:

- Taking action to tackle climate change and its consequences, and improving our natural environment: the council has declared a Climate Emergency, and this priority sets out the actions we will drive forward as a council – and collectively – to reduce emissions, protect our natural environment and to adapt to climate impacts.
- Quality infrastructure that connects neighbourhoods and businesses and allows them to prosper: this recognises the need to invest in new infrastructure

to support the borough's future prosperity and sustainability, including digital, low carbon, transport and community infrastructure.

- A ladder of housing opportunity, to support better life chances for all: this recognises the challenges faced by many residents due to the lack of affordable housing in the borough. Helping more residents into affordable, sustainable homes, is a key part of our strategy to reduce inequality.

These are defined by a set of measured outcomes and performance indicators through the Performance Management Framework.

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

##### **Determining interventions**

The Corporate Plan has been developed through a data driven approach, and wide community and stakeholder engagement and is supported through a new Performance Management

The Strategy and Performance Team provides RBWM with the evidence it needs to inform decisions affecting commissioning and operational service delivery, such as population analysis, demand forecasting and needs assessments, as well as enabling the organisation to manage performance, engage with citizens and service users and maintain key business intelligence systems.

Subsequent to the Plan's adoption, new arrangements were agreed by Cabinet on 20 December 2021 in relation to how performance against the Corporate Plan is reported. These arrangements include the establishment of a new public-facing online "Citizens' Portal", and agreement that the Corporate Overview & Scrutiny Panel takes primary responsibility for Member Scrutiny of the council's performance, receiving routine reports identifying areas of progress and areas of concern.

This is supported by the Performance and Risk Management Board, at an officer level to identify areas for intervention and manage associated activities.

##### **Planning interventions**

Article 12 of the Constitution defines the responsibilities for decision making and the principles in accordance with which decisions must be made.

All reports are reviewed and signed off by the S151 Officer and the Monitoring Officer (or their deputies) to ensure the financial impact of any decision is properly recognised before that decision is taken, and the Council's decisions are lawful.

All agendas, minutes and decisions taken by Cabinet members are available to the public through RBWM's website.

The online committee management system which ensures easily accessible and good quality information is always available about decisions and Member meetings, this also ensures that the committee process is efficiently managed.

Reports to Cabinet are considered at a Leaders Board before the formal Cabinet meeting. This allows members of the Cabinet and the senior officers to review the quality of reports and ensure they are easy for the public to understand before they are formally submitted to a Cabinet meeting.

The Overview and Scrutiny Panels play a key role to inform and challenge decisions carried out within each service. Each Overview and Scrutiny Panel has its own terms of reference, and these are set out in the Constitution.

Scrutiny members were trained this year on good scrutiny practice.

All relevant papers can be found on RBWM's Committee Management Information System (ModGov).

RBWM intranet pages provide officers and councillors with access to information about decision making.

Decision-making reports require an Equality Impact Assessment to be completed and, where appropriate, a Data Protection Impact Assessment.

### **Optimising achievement of intended outcomes**

The new Performance Management Framework focuses on measuring outcomes

Subsequent to the Corporate Plan's adoption, new arrangements were agreed by Cabinet on 20 December 2021 in relation to how performance against the Corporate Plan is reported. These arrangements include the establishment of a new public-facing online "Citizens' Portal", and agreement that the Corporate Overview & Scrutiny Panel takes primary responsibility for Member Scrutiny of the council's performance, receiving routine reports identifying areas of progress and areas of concern.

The Citizens' Portal was launched in April 2022 as a public-facing online dashboard setting out performance indicators and activities to show progress against the 50 goals in the Corporate Plan as part of the council's commitment to transparency and accountability. The Portal represents a substantial step forward in how the council shares performance information and will continue to be developed over time, with more information across the whole portal and particularly in relation to "A council trusted to deliver" goals.

Following the launch of the Portal, the Strategy, Policy & Performance Team has worked closely with relevant Corporate Plan goal owners to establish target trajectories and tolerance thresholds for performance indicators featured on the Portal. Target trajectories and tolerance thresholds are the key enablers for RAG (Red, Amber, Green) statuses to be determined. Confirmed target trajectories and tolerance thresholds were applied to the Citizens' Portal from 1 July 2022.

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

### **Developing the entity's capacity**

RBWM operates a robust interview and selection process to ensure that Officers are only appointed if they have the right levels of skills and experience to effectively fulfil their role. If working with children and/or vulnerable adults they will be subject to an enhanced Disclosure and Barring Service (DBS) check prior to appointment. New officers must attend an induction meeting, which provides information about how the organisation works and managers must complete an induction checklist.

All Officers complete a number of mandatory e-learning courses on an annual basis including health and safety, equalities and diversity and information governance. Officers and Members have access to a range of IT, technical, soft skills and job specific training courses.

Employees' annual training and development needs are identified through the performance management process. In addition to a comprehensive induction programme, there are a number of internal training courses available to employees, covering a wide range of topics and issues. Each service area completes an annual Training Needs Analysis to identify individual officer development.

All Officers receive regular one to ones with their Manager in order to monitor workload and performance. Opportunities are provided for identifying future training and development needs, and to track progress against objectives. The effectiveness of individual performance monitoring is tracked in a number of ways, including by asking staff about it as part of regular staff satisfaction surveys.

RBWM has developed an online 'Members' Hub' which is a dedicated area containing documents, news, training and forms. The hub can be accessed from Members' corporate iPads.

A new People Strategy is currently under development and identified in the Action Plan.

A LGA Peer Review was conducted in January 2022 with a subsequent action plan developed. A follow up review will be conducted after around six months to track progress

### **Developing the capability of the entity's leadership and other individuals**

The law and Constitution clearly define the responsibilities of key Member and officer roles.

Part 3 of the Constitution sets out powers delegated to Cabinet Members and Officers. Chief Officers are in turn responsible for authorising delegations to their officers. All delegations are updated when roles or structures change.

The protocol on Member/officer relations contained within Part 7 of the Constitution further defines the day-to-day roles and responsibilities of officers and Members. Following elections in May 2019 all Members were offered a comprehensive Induction and there are regular briefing and development sessions throughout their term of office.

Newly elected Councillor induction includes information on roles and responsibilities, political management and decision-making, financial management and processes, health and safety, information governance, data protection, the Members' Code of Conduct and safeguarding.

Compulsory training is provided for Members who sit on the Licensing Panel, Appeals Panel and the Development Management Committees. The Council has developed an online 'Members' Hub' which is a dedicated area containing documents, news, training and forms. The hub can be accessed from Members' corporate iPads.

A new management structure has been in place since 1st October 2019, which provided stability after the restructure of 2018 was not completed. This reflects the "investing in strong foundations" approaching the Values work that the Council has done. This management structure has added some additional capacity to the organisation at Director level but should not be seen as resolving the governance issues in full.

A leadership programme has been developed and implemented for officers.

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

### **Managing risk**

The Council has Finance Procedure Rules which are updated on a rolling basis. They set the framework on how the Council manages its financial arrangements and form part of the Council's Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks.

They are available to staff with accompanying guidance, and these are reviewed at least annually to ensure they remain fit for purpose and adhere to best practice.

RBWM has a corporate risk management system that records both strategic and service risks and the assigned owners. A Strategic Risk Report is formally considered on a quarterly basis by the Directors Team where they consider current and emerging risks.

Risks are identified within any reports submitted for decision making.

RBWM has an adopted Risk Management Strategy and this is regularly reviewed and refreshed and considered at Audit and Governance Committee.

The risk management framework is in the process of being reviewed this year as part of the Action Plan.

### **Managing performance**

The Council's performance management framework has 42 different measures aligned to the strategic objectives in the Council Plan 2017-21, 22 of which are key measures reported to Cabinet bi-annually. The Overview and Scrutiny Panels have oversight of the relevant key measures reported to Cabinet as well as a range of other performance measures relating to the Council's strategic priorities.

As part of the development of the Corporate Plan a new performance management framework will be developed to link our new outcome based approach to tracking performance and delivery more closely.

### **Robust internal control**

The Council has Finance Procedure Rules which are updated on a rolling basis. They set the framework on how the Council manages its financial arrangements and form part of the Council's Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks.

Work has been undertaken this year in the way which contracts are procured and then managed. Further work is recommended this year on the Procurement Toolkit with officers to embed good practice.

A review of the Property Company governance has been undertaken (supported by the Statutory Governance Officer Group) and reported on to Members. This has resulted in an Action Plan, which is monitored by Corporate Overview and Scrutiny Panel. This is included in the AGS Action Plan as a governance issue for completeness rather than detailed monitoring.

### **Managing data**

RBWM's Publication scheme details the different classes of information which RBWM routinely makes available and the 'Transparency' webpage which provides guidance for the public about what information is available to them and how they can access it, The Council also has a webpage for Freedom of Information (FOI), Environmental Information and Subject Access Requests. We also publish all responses to FOI requests.

The Council has appointed a SIRO (Head of HR, Corporate Projects and IT) to manage information risks and the Council is focused on PSN compliance.

In relation to GDPR, link officers identified for each service area have been provided with ongoing support to ensure all documents including service area Information Asset Registers (IAR) and Registers of Processing Activity (RoPA) are regularly reviewed, monitored and kept up to date.

### **Strong public financial management**

Financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (April 2016). The Chief Financial Officer is the Executive Director for Resources and is supported by the Deputy S151 Officer (Head of Finance)

The s151 Officer is responsible for leading the promotion and delivery of good financial management so that public money is always safeguarded, ensuring that budgets are agreed in advance and are robust, that value for money is provided by council services, and that the finance function is fit for purpose. The s151 Officer advises on financial matters to both the Cabinet and full Council and should be actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance staff should ensure that new policies or service proposals are accompanied by a full financial appraisal which is properly costed, fully funded and identifies the key assumptions and financial risks that face the Council.

The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or maintain a balanced budget. The s151 Officer also has a number of statutory powers in order to allow this role to be carried out: e.g. Under Section 25 of the Local Government Act 2003 the S151 officer is required to state in the budget report their view on the robustness of estimates for the coming year, the medium-term financial strategy, and the adequacy of proposed reserves and balances. Under Section 114 of the Local Government Finance Act 1988 the chief financial officer has the power to issue a Section 114 notice (S114) if they judge that the council is unable to set or achieve a balanced budget.

The Council has Financial Regulations which provide a framework to identify financial responsibilities and the financial limits assigned to individual Officers. These also outline the responsibilities in relation to partnerships and commissioning arrangements. The Financial Regulations are kept under regular review.

Training for all budget holders on financial processes of compliance for approving spend and monitoring have been held; further training will be provided throughout the financial year on relevant topics to ensure that financial best practice is core to the way the organisation operates.

An officer Capital Review Board was introduced during 2020/21 to provide more oversight and challenge around the capital programme as well as consider the council's capital strategy.

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

### **Implementing good practice in transparency**

The Council and its decisions are open and accessible to the community, service users, partners and its staff. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 give anyone the right to ask for any information held by the Council except where an exemption or exception can be lawfully applied to such information.

All reports requiring a decision must be considered by appropriately qualified legal and finance staff with expertise in the particular function area before they are progressed to the relevant committee/forum. The Council is committed to its equality responsibilities. To meet these responsibilities, equality impact assessments are undertaken where appropriate. EQIAs are a systematic way of taking equal opportunities into consideration when making a decision and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups.

The Action Plan for the 2019/20 AGS identified that better guidance, controls and instructions to officers were needed to ensure that all decision making complied with the scheme of delegation in the Constitution.

Guidance documentation on decision making has been revised and updated and issued to all members of the Corporate Leadership Team for wider dissemination.

Following the issuing of updated guidance on decision making to all relevant officers and a joint Member/CLT workshop on officer/Member roles and responsibilities, there has been a clear improvement in the application of governance procedures.

This has included regular review of the Forward Plan, ensuring sign-off of reports by statutory officers and an increased use of officer decision forms. Ongoing Member peer support via the LGA has also been provided to political groups.

### **Implementing good practices in reporting**

All reports are checked by the statutory officers or their staff prior to submission and seen by Directors Team. Reports are on a standard template. Delegated decisions are recorded with reasons.

The Forward Plan is available on the website.

Oversight is provided through the Overview and Scrutiny Panels.



## Assurance and effective accountability

RBWM's values focus on accountability and the work leading to the development of those values has been important in driving forward the culture of the Council in the past year. For the forthcoming year we need to do more work in embedding those values and this is reflected in the Action Plan.

The Local Government Act 2000 requires a local authority acting under Executive arrangements to have one or more Overview and Scrutiny Panels. In 2021/22 the Council operated four Overview and Scrutiny Panels. These panels support the work of the Cabinet and the Council as a whole. They may make reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery. Following a recommendation from the LGA Peer Review, full Council agreed in May 2022 to amend the committee structure to three Panels to align with the Directorates and Corporate Plan.

The Overview and Scrutiny Panels also monitor the decisions of the Cabinet. They can 'call-in' a decision which has been made by the Cabinet but not yet implemented. This enables the Panel to consider whether the decision is appropriate. It may recommend that the Cabinet reconsider the decision. The Panels may also be consulted by the Cabinet or the Council on forthcoming decisions and the development of policy. Details of the Council's Overview and Scrutiny Panels can be located [here](#).

Induction, training and support is provided to individual Members and whole committees to support them in their policy development and holding-to-account roles.

In 2021/22 scrutiny in RBWM was supported by officers within Democratic Services and the Democratic Services Team Manager is the Statutory Scrutiny Officer. Work will be undertaken as part of the AGS Action Plan to develop the role of other officers in the Council to support Overview and Scrutiny more effectively.

The Head of Finance, Executive Director of Resources and Internal Audit meet with the external auditors on a regular basis to discuss audit activity and ensure that appropriate support is being provided.

The Audit and Governance Committee has undertaken the key functions required of it by Chartered Institute of Public Finance's (CIPFA) guidance on the role of audit committees.

The Audit and Governance Committee role and purpose is set out in Articles of the constitution.

The Committee has a close working relationship with the internal and external auditors.

The Committee met 4 times during the 2021/22 financial year, in public.

Their work has included receiving internal audit and counter fraud progress reports, including detail of all limited assurance reviews and the extent to which remedial recommendations have been implemented.

In July 2022, RBWM will publish the 2021/22 Statement of Accounts for a period of public inspection prior to external audit. The Internal Audit Plan is regularly reported to Committee.

## Head of Internal Audit Opinion

The Head of Internal Audit’s overall audit opinion on the internal control environment (framework of governance, risk management and internal control) is;

“Substantially Complete and Generally Effective but with some improvements required”. Based on audits completed during the year, most key controls are in place and are operating effectively with the majority of residual risks being reduced to an acceptable level and reported concerns being aimed by management to be reduced to a predominately moderate impact level.”

The Head of Internal Audit Annual Report provides a summary of the activity used to support this opinion.

## External Audit

There is a national issue that is well recognised in terms of the availability of external audit resources. Currently 2019/20 accounts are anticipated to be signed off by August 2022 following resolution of a number of objections to the accounts that were considered as well as a national issue around the valuation of infrastructure assets.

The accounts for 2020/21 have already been prepared and it is anticipated will be signed off by the autumn of 2022. The accounts for 2021/22 will be published in July 2022 and external audit will also follow and it is hoped that the backlog of audit sign-off will be resolved during 2022.

1.

Subject	Action (s)	Responsible Officer	Target completion date
<b>A. Behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law.</b>	1. Training of the O&S Panels with LGA and CfGS .	Deputy Director of Governance, Law and	October 2022 (A1)
	2. Review of Code of Conduct Assessment Processes	Strategy/Monitoring Officer (A1,2)	May 2023 (A2)
	3. Launch of Procurement Toolkit	Head of Law (A4)	October 2022 (A3)
<b>B. Ensuring openness and comprehensive stakeholder engagement</b>	1. Adoption of a new Engagement Approach	Deputy Director of Governance, Law and	May 2023 (B1)

		Strategy/Monitoring Officer (B1)	
<b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.</b>	1. Embedding new Performance Management Framework.	Deputy Director of Governance, Law and Strategy/Monitoring Officer (C1&2)	May 2023 (C1)
<b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes.</b>	1. Embedding new Performance Management Framework.	Deputy Director of Governance, Law and Strategy/Monitoring Officer (D1)	May 2022 (D1)
<b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.</b>	1. Further development of the Scrutiny function with Members. 2. Roll out of the Leadership Programme 3. Member Induction Programme	Head of Governance (E1) Head of HR, Corporate Projects and IT (E2) Head of Governance (E3)	Oct 2022 (E1) May 2023 (E2) May 2023 (E3)
<b>F. Managing risks and performance through robust internal control and strong public financial management.</b>	1. Embedding new Performance Management Framework. 2. Review of Risk Management 3. Council's Governance of the Property Company Action Plan 4. Review of procurement and contract management	Deputy Director of Governance, Law and Strategy/Monitoring Officer (F1) Head of Finance (F2) Executive Director (Resources) (F3) Deputy Director (F4)	May 2023 (F1) Feb 2023(F2) April 2023 (F3) May 2023 (F4)
<b>G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.</b>	1. Further development of the Scrutiny function with Members.	Head of Governance (G1)	Oct 2022 (G1)

## CONCLUSION

The Council has many elements of a good governance system in place. It is important that over the coming years efforts are made to further develop the culture of the organisation to operate these systems consistently.

In the past year we have strengthened our governance foundations and culture to help us make better decisions for our communities and whilst we have made considerable steps forward, we know that there is work yet to do, however the outcome of the Peer Review demonstrated that we are on the right path.

The Action Plan will help us address those areas that will support our new culture to embed the key principles of good governance at the heart of our organisations making it more accountable.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements, including procurement reviews, embedding performance management, developing the leadership capacity of the organisation and a comprehensive induction programme for Members.

We are satisfied that these steps will address the need for proper governance arrangements to be in place. We will undertake ongoing monitoring of the implementation of any improvements that were identified in our review of effectiveness and as part of our next annual review.

Cllr L Jones  
Chairman, Audit and Governance Committee

Signed:  
Date:

Duncan Sharkey  
Chief Executive

Signed:  
Date:

Cllr Andrew Johnson  
Leader of the Council

Signed:  
Date

Report Title:	<b>Internal Audit Progress Report Q1 2022/23</b>
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Hilton, Cabinet Member for Asset Management & Commercialisation, Finance and Ascot
Meeting and Date:	Audit and Governance Committee – 28 July 2022
Responsible Officer(s):	Adele Taylor, Executive Director, Resources Andrew Vallance, Head of Finance
Wards affected:	All

## REPORT SUMMARY

*The report is the first progress report on the internal audit plan for 2022/23 agreed at the May 2022 meeting. It will be presented by the Council's new internal auditors, South West Audit Partnership (SWAP).*

### 1. DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That Audit and Governance Committee notes the report

### 2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 To ensure that the internal audit programme for 2022/23 is progressing as planned.

#### Options

**Table 1: Options arising from this report**

Option	Comments
To agree the Internal Audit Progress report <b>This is the recommended option</b>	This is the preferred option for the reasons set out in the report

### 3 BACKGROUND

- 3.1 The October 2021 meeting of Audit and Governance Committee recommended to Cabinet that the Council should become a member of the South West Audit Partnership (SWAP). Cabinet ratified this decision in November 2021.
- 3.2 SWAP therefore took over the role of the Council's internal auditors from 1 April 2022.

- 3.3 SWAP's audit plan for April to June 2022 was approved at the February 2022 meeting of this committee. A plan for the whole of 2022/23 was agreed at the May 2022 meeting.
- 3.4 A progress report on Quarter 1 is attached as **Appendix 1**.
- 3.5 Key staff from SWAP will attend the meeting to present the report.

#### **4 FINANCIAL DETAILS / VALUE FOR MONEY**

- 4.1 There are no direct financial consequences arising from this report.

#### **5 LEGAL IMPLICATIONS**

- 5.1 None.

#### **6 RISK MANAGEMENT**

- 6.1 SWAP have undertaken a review of current risk management arrangements as part of this report.

#### **7 POTENTIAL IMPACTS**

- 7.1 Equalities. An Equality Impact Assessment is attached as **Appendix 2**. A screening assessment has been completed which indicates the proposal does not have any equality impacts.
- 7.2 Climate change/sustainability. There are no impacts as a consequence of the decision.
- 7.3 Data Protection/GDPR. No personal data has been processed.

#### **8 CONSULTATION**

- 8.1 The Head of Paid Service, the Section 151 Officer, the Monitoring Officer and the Deputy Monitoring Officers have been consulted on the report.

#### **9 TIMETABLE FOR IMPLEMENTATION**

- 9.1 By 31 March 2023

#### **10 APPENDICES**

- 10.1 Appendix 1 - Internal Audit Progress Report Q1 2022/23
- 10.2 Appendix 2 - EQIA

## 11 BACKGROUND DOCUMENTS

11.1 None

## 12 CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputies)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	12/7/22	19/7/22
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	12/7/22	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	12/7/22	12/7/22
Elaine Browne	Head of Law (Deputy Monitoring Officer)	12/7/22	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	12/7/22	13/7/22
<i>Other consultees:</i>			
<i>Directors (where relevant)</i>			
Duncan Sharkey	Chief Executive	12/7/22	
Kevin McDaniel	Executive Director of Children's Services	12/7/22	
Andrew Durrant	Executive Director of Place	12/7/22	
<i>External (where relevant)</i>			
N/A			

Confirmation relevant Cabinet Member(s) consulted	Cabinet Member for Asset Management & Commercialisation, Finance and Ascot	Yes
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## REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Audit and Governance Committee for Noting	No	No

Report Author:  
Andrew Vallance, Head of Finance [andrew.vallance@rbwm.gov.uk](mailto:andrew.vallance@rbwm.gov.uk)





# Royal Borough of Windsor and Maidenhead

## Report of Internal Audit Activity

### Progress Report- July 2022

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# Internal Audit Update – July 2022/23 ‘At a Glance’

## The Headlines

	<p><b>Opinion based reviews completed in the period</b></p> <ul style="list-style-type: none"> <li>Two assurance audits at draft stage.</li> </ul>
	<p><b>Progress to date</b></p> <ul style="list-style-type: none"> <li>Four grant certifications completed</li> <li>Three draft reports</li> <li>Eleven reviews in progress</li> </ul>
	<p><b>Follow-ups in the period</b></p> <p>Two follow-up audits in progress</p>
	<p><b>Additions to the Plan</b></p> <p>Two new grant certifications added to the plan.</p>
	<p><b>Range of innovations and enhancements made to our internal audit process throughout the year</b></p> <p>Data analytics continues to drive/support reviews; comparative benchmarking exercises offer useful insight and suggested practices.</p>

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## Internal Audit Assurance Opinions 2022/23

	July	YTD
Substantial	0	0
Reasonable	0	0
Limited	0	0
No Assurance	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## Internal Audit Agreed Actions 2022/23

	July	YTD
Priority 1	0	0
Priority 2	0	0
Priority 3	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

# Summary

As part of our rolling plan reports, we will detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

The contacts at SWAP in connection with this report are:

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## Summary

### Introduction

This is our first progress report for 2022/23 and reports against the plan agreed by this Committee in May 2022. The plan remains necessarily flexible and some new grant and advisory work, as well as some profiling adjustments have already been agreed. The schedule provided at **Appendix D** details progress made to date and new work agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed at **Appendix A** of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘limited Assurance Opinion’ is given as part of this report in **Appendix B**. There were no finalised limited assurance audits during this period.

A follow-up review is performed in respect of all limited assurance opinion audits. This is important to provide evidence that recommendations have been implemented to reduce areas of risk identified. The results of follow-up reviews performed in the period can be found in **Appendix C**. There were no finalised follow-up audits during this period.

In circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised. There have been none to report this period.

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# Internal Audit Plan Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



## SWAP audit plan coverage across strategic risks

The table below provides a summary of how our completed audits and work in progress to date this year provides assurance over key strategic risks areas in the Internal Audit Plan. As the year builds and more work is completed, coverage across the key risk areas will increase. ‘Adequate’ coverage reflects delivery of planned assurance levels.

Strategic Risk	Coverage
Maidenhead Regeneration	
Children’s to Adults Services Transition	
Covid	
Failure to protect residents in an emergency situation	
Threat of a terrorist act	
Effectiveness of Financial Strategy	
Failure of Council owned companies/major contractors	Contract Management
Data Protection/Data Security Breach	
IT Infrastructure Failure	ICT Governance Risk Review

	Good coverage complete
	Adequate coverage complete
	Coverage In progress
	No coverage to date

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# Internal Audit Plan Update

**We will build our audit plan as the year progresses to ensure that we are auditing the right things at the right time.**



## Progress Year to Date

All of the audits scheduled for the first quarter of the year are at report stage or are in progress. In quarter one a number of grant audits have been undertaken, including two audits additional to the original plan. Four of these have already been certified.

We are now starting to schedule quarter 2 work and have indicated on Appendix D the initial meetings scheduled to date.

In relation to the National Fraud Initiative (NFI) we have assessed progress in relation to the last two data matching exercises made available. This has identified that little investigation has taken place. Subsequently, RBWM requested that SWAP support the council in developing an action plan to address this.

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Assurance Definitions	
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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Definition of Corporate Risks	
Risks	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Name of Audit	Risks Reviewed	 Limited	Priority Actions			
			1	2	3	Total
No audits reached final report stage in the period.						

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No follow-up audits reached final report stage in the period.



Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
<b>Complete</b>							
Grant	Local Enterprise Partnership (LEP) Core Growth Hub	Final	Certified				
Grant	Local Enterprise Partnership (LEP) Peer Networks	Final	Certified				
Grant	<b>New</b> - Contain Outbreak Management Fund (COMF)	Final	Certified				
Grant	<b>New</b> - Test and Trace Support Payment Scheme Funding	Final	Certified				
<b>Reporting</b>							
Operational	Fleet Safety Compliance Checks	Draft					
Operational	Risk Management	Draft					
Advisory	<b>New</b> - NFI Advisory Report	Draft					
<b>In progress</b>							
Operational	Supporting Families Grant	Ongoing					
Governance	National Fraud Initiative (NFI)	Ongoing					
Governance	Baseline Assessment of Maturity in Relation to Fraud	In progress					
Governance	Contract Management	In progress					
Governance	ICT Governance Risk Review	In progress					

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Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
Operational	Schools Financial Management	In progress					
Operational	Adults Direct Payments	In progress					
Follow-up	Housing Income	In progress					
Follow-up	All Saints C of E Junior School Financial and Administration Framework	In progress					
Grant	Green Homes Grant	In progress					
Grant	Disabled Facilities Grant (DFG)	In progress					
<b>Waiting to Start</b>							
Governance	Climate Change - Governance Arrangements	Waiting to start	Initial meeting 14/07				
Governance	Delegated Decision Making	Waiting to start	Initial meeting 26/07				
Governance	Information Management	Waiting to start					
Governance	CyberSecurity Framework Review and Benchmarking	Waiting to start					
Financial	Pension Fund Investments	Waiting to start					
Operational	Adults – Financial Assessments	Waiting to start					
Operational	Children’s – Strategic Commissioning SEND	Waiting to start	Initial meeting 3/08				
Grant	Local Transport Capital Funding Grant	Waiting to start					

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Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
Grant	Bus Service Operator Grant (BSOG)	Waiting to start	Initial meeting 21/07				
Governance	Fraud Risk Assessment	Waiting to start					
Governance	Medium Term Financial Plan (MTFP)	Waiting to start					
Governance	Procurement	Waiting to start					
Financial	Corporate Debt Management	Waiting to start					
Operational	Homelessness Strategy	Waiting to start					
Operational	Infrastructure - Section 106/CIL	Waiting to start					
Operational	Homelessness Strategy	Waiting to start					
Operational	Economic Recovery Post Covid	Waiting to start					
Operational	Adults - Safeguarding	Waiting to start					
Operational	Children's to Adult's services transition. (Joint AfC audit).	Waiting to start					
Follow-up	Cash and Bank Reconciliation	Waiting to start					
Governance	Fraud Training	Waiting to start					
Governance	Business Continuity Planning	Waiting to start					
Finance	Management of the Capital Budget	Waiting to start					
Operational	Public Health – Drug and Alcohol Contract	Waiting to start					

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
	1	2	3				
Operational	Children's - Strategic Review of Early Intervention	Waiting to start					
Operational	Public Health – Drug and Alcohol Contract	Waiting to start					
Operational	AfC/Optalis Contract Management	Waiting to start					

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

### Essential information

Items to be assessed: (please mark 'x')

Strategy		Plan		Project		Service procedure	x
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Responsible officer	Andrew Vallance	Service area	Finance	Directorate	Resources
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<b>Stage 1: EqIA Screening (mandatory)</b>	Date created: 19/07/2022	<b>Stage 2 : Full assessment (if applicable)</b>	Date created : NA
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Approved by Head of Service / Overseeing group/body / Project Sponsor:

*"I am satisfied that an equality impact has been undertaken adequately."*

Signed by (print): Andrew Vallance

Dated: 19/07/2022

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

### Guidance notes

#### What is an EqIA and why do we need to do it?

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with 'protected characteristics' and those without them.
- Fostering good relations between those with 'protected characteristics' and those without them.

EqIAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqIA Screenings are required to be publicly available on the council's website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

#### What are the "protected characteristics" under the law?

The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

#### What's the process for conducting an EqIA?

The process for conducting an EqIA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

#### Openness and transparency

RBWM has a 'Specific Duty' to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

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# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

### Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

### Stage 1 : Screening (Mandatory)

#### 1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?

*The report is the first progress report on the internal audit plan for 2022/23 agreed at the May 2022 meeting. It will be presented by the Council's new internal auditors, South West Audit Partnership (SWAP).*

#### **DETAILS OF RECOMMENDATION(S)**

**RECOMMENDATION:** That Audit and Governance Committee notes the report

**1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as "Not Relevant".**

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# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

Protected characteristics	Relevance	Level	Positive/negative	Evidence
<b>Age</b>	Not Relevant			Further EQIAs will be produced at later stages on detailed budget proposals and the overall budget
<b>Disability</b>	Not Relevant			
<b>Gender re-assignment</b>	Not Relevant			
<b>Marriage/civil partnership</b>	Not Relevant			
<b>Pregnancy and maternity</b>	Not Relevant			
<b>Race</b>	Not Relevant			
<b>Religion and belief</b>	Not Relevant			
<b>Sex</b>	Not Relevant			
<b>Sexual orientation</b>	Not Relevant			

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# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

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### Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No	Not at this stage		
Does the strategy, policy, plan etc require amendment to have a positive impact?	No	Not at this stage		

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

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### Stage 2 : Full assessment

#### 2.1 : Scope and define

**2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.**

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# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

**2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? *List those groups who the work is targeting/aimed at.***

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### 2.2 : Information gathering/evidence

**2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.***

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# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

**2.2.2** What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

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**Eliminate discrimination, harassment, victimisation**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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**Advance equality of opportunity**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

### Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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**2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates.**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Internal Audit Progress Report Q1 2022/23

*These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.*



Report Title:	<b>Treasury Management Outturn Report 2021/22</b>
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Hilton, Cabinet Member for Asset Management & Commercialisation, Finance and Ascot
Meeting and Date:	Audit and Governance Committee – 28 July 2022
Responsible Officer(s):	Adele Taylor, Executive Director of Resources (s151 Officer)
Wards affected:	All



## **REPORT SUMMARY**

The purpose of this report is to:

- a) Update Members on the delivery of the treasury management strategy approved by Council on 23<sup>rd</sup> February 2021 and confirm the treasury outturn position as at 31<sup>st</sup> March 2022.
- b) This report forms part of the monitoring of the treasury management function as recommended in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice which requires that the Council receives a report on its treasury management activity at least twice a year;

Specifically this report includes:

- a review of the Council's borrowing strategy in 2021/22;
- a review of the Council's financial investment portfolio for 2021/22 as at 31<sup>st</sup> March 2022;
- a review of compliance with the Council's Treasury and Prudential limits for 2021/22; and
- an economic update for the financial year is include as Appendix A.

## **1. DETAILS OF RECOMMENDATION(S)**

### **RECOMMENDATION:**

**That Audit and Governance Committee notes and approves the annual Treasury Outturn Report 2021/22.**

## 2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management mid-year and annual reports.
- 2.2 The Council's treasury management strategy for 2021/22 was approved at the Council meeting on 23rd February 2021. When borrowing and investing money the Council is exposed to financial risks including the loss of invested funds and the revenue impact of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

## 3. KEY IMPLICATIONS

- 3.1 A successful treasury management approach will ensure the security of the Council's assets whilst meeting the liquidity requirements of the Council.

**Table 1: Key Implications**

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	2021/22 Actual
No. of days that counterpart limits are exceeded	>0	<=0	N/A	N/A	0
No of days that the operational boundary for long-term debt is exceeded	>0	<=0	N/A	N/A	0

## 4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 The treasury management position as at 31st March 2022 and the change during the year is shown in Table 2 below.

**Table 2: Treasury Management Summary**

	31.3.21 Balance £m	Movement £m	31.3.22 Balance £m	31.3.22 Weighted Average Rate %
Long-term borrowing	57.0	14.3	71.3	4.3
Short-term borrowing	134.7	(0.1)	134.6	0.23
<b>Total borrowing</b>	<b>191.7</b>	<b>14.2</b>	<b>205.9</b>	
Short-term investments	10.2	(1.0)	9.2	1.68
Cash and cash equivalents	13.7	18.8	32.5	0.60
<b>Total investments</b>	<b>23.9</b>	<b>17.8</b>	<b>41.7</b>	
<b>Net borrowing</b>	<b>167.8</b>	<b>(3.6)</b>	<b>164.2</b>	

4.2 £15m of new long-term borrowing was taken out during the year to continue to reduce the Council’s exposure to future increases in short-term interest rates. The increase in cash and cash equivalent balances held compared to the previous year was due to these loans being arranged in advance to secure borrowing at low interest rates in the expectation that rates would increase.

**Borrowing Update**

4.3 The Council was not planning to borrow to invest primarily for commercial return and so is unaffected by the changes to the Prudential Code that now prohibits this.

**Borrowing Strategy**

4.4 On 31<sup>st</sup> March 2022 the Council’s total borrowing was £206m, as part of its strategy for funding previous and current years’ capital programmes. Outstanding loans on 31st March are summarised in Table 3 below.

**Table 3: Borrowing Position**

	<b>31.3.21 Balance £m</b>	<b>Net Movement £m</b>	<b>31.3.22 Balance £m</b>	<b>31.3.22 Weighted Average Rate %</b>
Public Works Loan Board	44	(1)	43	4.91
Banks (LOBO)	13	0	13	4.19
Local authorities (long-term)	0	15	15	0.55
Local authorities (short-term)	114	5	119	0.16
Funds held on behalf of LEP	21	(5)	16	0.75
<b>Total borrowing</b>	<b>192</b>	<b>(14)</b>	<b>206</b>	

4.5 The Council’s chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council’s long-term plans change being a secondary objective.

4.6 With short-term interest rates remaining much lower than long-term rates, the Council considered it more cost effective in the near term to use short-term loans for most of the borrowing required during the year.

4.7 £65m of forward starting loans were arranged during the year for loans to be received in 2022/23. This was done to enable certainty of cost and to fix in borrowing at favourable rates with interest rates expected to rise in the following financial year. The weighted average interest of these forward starting loans was 0.52%.

- 4.8 The Council continues to hold £13m of LOBO (Lender’s Option Borrower’s Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.
- 4.9 The Council holds funds on behalf of the LEP and pays interest to the LEP on the balances held at the Bank of England base rate.

**Treasury Investment Activity**

- 4.10 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation’s cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 4.11 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council’s investment balances ranged between £11.6m and £72.5 million due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

**Table 4: Treasury Investment Position**

	<b>31.3.21 Balance £m</b>	<b>Net Movement £m</b>	<b>31.3.22 Balance £m</b>	<b>31.3.22 Income Return %</b>
<b>Banks</b>	<b>3.2</b>	<b>(2.7)</b>	<b>0.5</b>	<b>0.26</b>
<b>Debt Management Office</b>	<b>0</b>	<b>14</b>	<b>14</b>	<b>0.55</b>
<b>Money Market Funds</b>	<b>10.5</b>	<b>7.5</b>	<b>18</b>	<b>0.66</b>
<b>Loans to Associates</b>	<b>10.2</b>	<b>(1)</b>	<b>9.2</b>	<b>1.68</b>
<b>Total investments</b>	<b>23.9</b>	<b>17.8</b>	<b>41.7</b>	

- 4.12 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return. The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 4.13 Ultra low short-dated cash rates, which were a feature since March 2020 when Bank Rate was cut to 0.1%, prevailed for much of the 12-month reporting period which resulted in the return on Money Market Funds being close to zero even after some managers temporarily waived or lowered their fees. However, higher returns on cash instruments followed the increases in the Bank of England base rate in December, February and March. At 31<sup>st</sup> March 2022, the return on the Authority’s MMFs ranged between 0.60% to 0.68%.

- 4.14 Similarly, deposit rates with the Debt Management Account Deposit Facility (DMADF) initially remained very low with rates ranging from 0% to 0.1%, increasing to between 0.55% and 0.85% depending on the deposit maturity. The average return on the Authority's DMADF deposits was 0.07%.

### **Non-Treasury Investments**

- 4.15 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return.
- 4.16 On 31<sup>st</sup> March 2022 the Council held £91.2m of such historic investments in investment properties. RBWM owns 63 commercial and industrial properties within the borough, including estate shops and flats in local shopping centres. These investments generated £3.1m of investment income for the Authority after taking account of direct costs, representing a rate of return of 3.4%.

### **Compliance**

- 4.17 The Executive Director of Resources (S151 Officer) reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and met its targets set in the Treasury Management Strategy.
- 4.18 The performance against debt and counterparty limits is shown in Tables 5 and 6 below.

**Table 5: Debt Limits**

	<b>2021/22 Maximum</b>	<b>31.3.22 Actual</b>	<b>2021/22 Operational Boundary</b>	<b>2021/22 Authorised Limit</b>	<b>Complied?</b>
Borrowing	£212m	£206m	£280m	£305m	Yes

**Table 6: Counterparty Limits**

	<b>2021/22 Actual</b>	<b>2021/22 Target</b>	<b>Complied?</b>
No. of days that counterparty limits are exceeded	0	0	No

- 4.19 Limits on the one-year revenue impact of a 1% rise or fall in interest rates are set to control the Council's interest rate exposure. The Council complied with this limit as shown in Table 7 below.

**Table 7: Interest Rate Risk Indicator**

	<b>31.3.22 Actual</b>	<b>2021/22 Limit</b>	<b>Complied?</b>

Upper limit on one-year revenue impact of a 1% rise in interest rates	£0.81m	£2.25m	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0.81m	£2.25m	Yes

4.20 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

4.21 Limits are set on the maturity structure of borrowing to control exposure to refinancing risk. The Council complied with these limits as shown in Table 8 below.

**Table 8: Refinancing Risk Indicator**

	<b>31.3.22 Actual</b>	<b>Upper limit</b>	<b>Lower limit</b>	<b>Complied?</b>
Under 12 months	69%	80%	0%	Yes
12 months and within 24 months	0%	80%	0%	Yes
24 months and within 5 years	7%	100%	0%	Yes
5 years and within 10 years	12%	100%	0%	Yes
10 years and above	11%	100%	0%	Yes

## 5. LEGAL IMPLICATIONS

5.1 In producing and reviewing this report the Council is meeting legal obligations to properly manage its funds.

## 6. RISK MANAGEMENT

6.1 **Table 8: Impact of risk and mitigation**

<b>Risk</b>	<b>Level of uncontrolled risk</b>	<b>Controls</b>	<b>Level of controlled risk</b>
That a counterparty defaults on repayment of a loan resulting in a loss of capital for the Council	MEDIUM	Loans are only made to counterparties on the approved lending list. The credit ratings of counterparties on the lending list are monitored regularly Counterparty limits reviewed and reduced to limit individual exposure.	LOW
That funds are invested in fixed-term deposits and	MEDIUM	A cashflow forecast is maintained and referred to when investment	LOW

are not available to meet the council's commitment to pay suppliers and payroll.		decisions are made to ensure that funds are available to meet the council's commitment to pay suppliers and payroll.	
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## 7. POTENTIAL IMPACTS

- 7.1 Equalities. None identified. EQIA attached
- 7.2 Climate change/sustainability. None identified.
- 7.3 Data Protection/GDPR. None identified.

## 8. CONSULTATION

- 8.1 This section is not applicable.

## 9. TIMETABLE FOR IMPLEMENTATION

- 9.1 This section is not applicable.

## 10. APPENDICES

- 10.1 This report is supported by 2 Appendices:

- Appendix A – Economic Update
- Appendix B - EQIA

## 11. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputies)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	12/7/22	19/7/22
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	12/7/22	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	11/7/22	12/7/22
Elaine Browne	Head of Law (Deputy Monitoring Officer)	12/7/22	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	12/7/22	13/7/22
<i>Other consultees:</i>			
<i>Directors (where relevant)</i>			

Duncan Sharkey	Chief Executive	12/7/22	13/7/22
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Confirmation relevant Cabinet Member consulted	Cabinet Member for Asset Management & Commercialisation, Finance and Ascot	Yes
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## REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Audit and Governance Committee decision	No	No

Report Author: Ryan Stone, Accountant, 01628 683233
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**2021/22 Economic Update - Provided by the Council's Treasury Management Advisors Arlingclose**

**Economic background:** The continuing economic recovery from the coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period.

Bank Rate was 0.1% at the beginning of the reporting period. April and May saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.

UK CPI was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series. Core inflation, which excludes the more volatile components, rose to 5.2% y/y from 4.4%.

The government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and the most recent labour market data for the three months to January 2022 showed the unemployment rate at 3.9% while the employment rate rose to 75.6%. Headline 3-month average annual growth rate for wages were 4.8% for total pay and 3.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 0.1% while regular pay fell by 1.0%.

With the fading of lockdown - and, briefly, the 'pingdemic' - restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining with the reopening of oil rigs but materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Gross domestic product (GDP) grew by an upwardly revised 1.3% in the fourth calendar quarter of 2021 according to the final estimate (initial estimate 1.0%) and took UK GDP to just 0.1% below where it was before the pandemic. The annual growth rate was revised down slightly to 7.4% (from 7.5%) following a revised 9.3% fall in 2020.

Having increased Bank Rate from 0.10% to 0.25% in December, the Bank of England hiked it further to 0.50% in February and 0.75% in March. At the meeting in February, the Monetary Policy Committee (MPC) voted unanimously to start reducing the stock of its asset purchase scheme by ceasing to reinvest the proceeds from maturing bonds as well as starting a programme of selling its corporate bonds.

In its March interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February Monetary Policy Report. The Committee also noted that although GDP in January was stronger than expected with business confidence holding up and the labour market remaining robust, consumer confidence had fallen due to the squeeze in real household incomes.

GDP growth in the euro zone increased by 0.3% in calendar Q4 2021 following a gain of 2.3% in the third quarter and 2.2% in the second. Headline inflation remains high, with CPI registering a record

7.5% year-on-year in March, the ninth successive month of rising inflation. Core CPI inflation was 3.0% y/y in March, was well above the European Central Bank's target of 'below, but close to 2%', putting further pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at a downwardly revised annualised rate of 6.9% in Q4 2021, a sharp increase from a gain of 2.3% in the previous quarter. In its March 2022 interest rate announcement, the Federal Reserve raised the Fed Funds rate to between 0.25% and 0.50% and outlined further increases should be expected in the coming months. The Fed also repeated its plan to reduce its asset purchase programme which could start by May 2022.

**Financial markets:** The conflict in Ukraine added further volatility to the already uncertain inflation and interest rate outlook over the period. The Dow Jones started to decline in January but remained above its pre-pandemic level by the end of the period while the FTSE 250 and FTSE 100 also fell and ended the quarter below their pre-March 2020 levels.

Bond yields were similarly volatile as the tension between higher inflation and flight to quality from the war pushed and pulled yields, but with a general upward trend from higher interest rates dominating as yields generally climbed.

The 5-year UK benchmark gilt yield began the quarter at 0.82% before rising to 1.41%. Over the same period the 10-year gilt yield rose from 0.97% to 1.61% and the 20-year yield from 1.20% to 1.82%.

The Sterling Overnight Rate (SONIA) averaged 0.39% over the quarter.

**Credit review:** In the first half of FY 2021-22 credit default swap (CDS) spreads were flat over most of period and are broadly in line with their pre-pandemic levels. In September spreads rose by a few basis points due to concerns around Chinese property developer Evergrande defaulting but then fell back. Fitch and Moody's revised upward the outlook on a number of UK banks and building societies on the Authority's counterparty to 'stable', recognising their improved capital positions compared to 2020 and better economic growth prospects in the UK.

Fitch also revised the outlook for Nordea, Svenska Handelsbanken and Handelsbanken plc to stable. The agency considered the improved economic prospects in the Nordic region to have reduced the baseline downside risks it previously assigned to the lenders.

The successful vaccine rollout programme was credit positive for the financial services sector in general and the improved economic outlook meant some institutions were able to reduce provisions for bad loans. However, in 2022, the uncertainty engendered by Russia's invasion of Ukraine pushed CDS prices modestly higher over the first calendar quarter, but only to levels slightly above their 2021 averages, illustrating the general resilience of the banking sector.

Having completed its full review of its credit advice on unsecured deposits, in September Arlingclose extended the maximum duration limit for UK bank entities on its recommended lending list from 35 days to 100 days; a similar extension was advised in December for the non-UK banks on this list. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

### Essential information

Items to be assessed: (please mark 'x')

Strategy		Plan		Project		Service procedure	x
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Responsible officer	Andrew Vallance	Service area	Finance	Directorate	Resources
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<b>Stage 1: EqIA Screening (mandatory)</b>	Date created: 19/07/2022	<b>Stage 2 : Full assessment (if applicable)</b>	Date created : NA
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Approved by Head of Service / Overseeing group/body / Project Sponsor:

*"I am satisfied that an equality impact has been undertaken adequately."*

Signed by (print): Andrew Vallance

Dated: 19/07/2022

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

### Guidance notes

#### What is an EqIA and why do we need to do it?

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with 'protected characteristics' and those without them.
- Fostering good relations between those with 'protected characteristics' and those without them.

EqIAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqIA Screenings are required to be publicly available on the council's website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

#### What are the "protected characteristics" under the law?

The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

#### What's the process for conducting an EqIA?

The process for conducting an EqIA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

#### Openness and transparency

RBWM has a 'Specific Duty' to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

### **Enforcement**

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

### **Stage 1 : Screening (Mandatory)**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

**1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

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The purpose of this report is to:

- a) Update Members on the delivery of the treasury management strategy approved by Council on 23<sup>rd</sup> February 2021 and confirm the treasury outturn position as at 31<sup>st</sup> March 2022.
- b) This report forms part of the monitoring of the treasury management function as recommended in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice which requires that the Council receives a report on its treasury management activity at least twice a year;

Specifically this report includes:

- a review of the Council's borrowing strategy in 2021/22;
- a review of the Council's financial investment portfolio for 2021/22 as at 31<sup>st</sup> March 2022;
- a review of compliance with the Council's Treasury and Prudential limits for 2021/22; and
- an economic update for the financial year is include as Appendix A.

### **DETAILS OF RECOMMENDATION(S)**

#### **RECOMMENDATION:**

**That Audit and Governance Committee notes and approves the annual Treasury Outturn Report 2021/22.**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

**1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as “Not Relevant”.**



# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

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Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age	Not Relevant			Further EQIAs will be produced at later stages on detailed budget proposals and the overall budget
Disability	Not Relevant			
Gender re-assignment	Not Relevant			
Marriage/civil partnership	Not Relevant			
Pregnancy and maternity	Not Relevant			
Race	Not Relevant			
Religion and belief	Not Relevant			
Sex	Not Relevant			
Sexual orientation	Not Relevant			

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

### Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No	Not at this stage		
Does the strategy, policy, plan etc require amendment to have a positive impact?	No	Not at this stage		

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If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

### Stage 2 : Full assessment

#### 2.1 : Scope and define

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**2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.**

**2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? List those groups who the work is targeting/aimed at.**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

**2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? *List those groups who the work is targeting/aimed at.***

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### 2.2 : Information gathering/evidence

**2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.***

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**2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.***

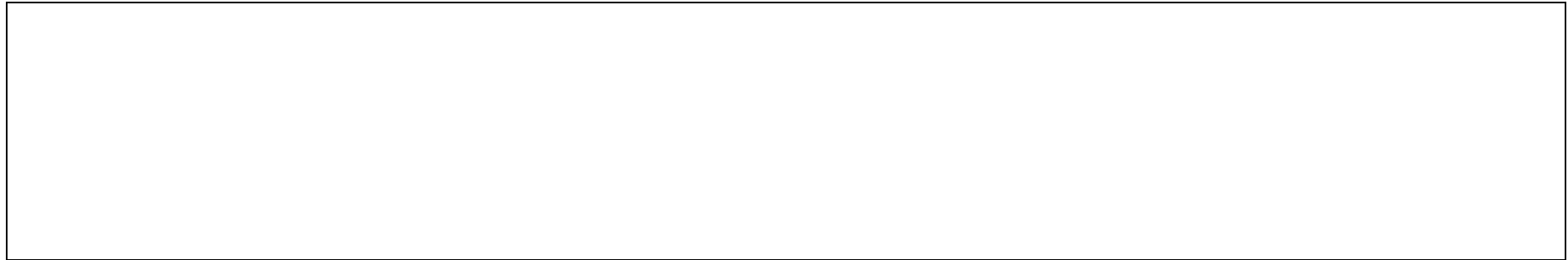
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**ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD**

**EQUALITY IMPACT ASSESSMENT**

**EqIA : Treasury Management Outturn Report 2021/22**



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**Eliminate discrimination, harassment, victimisation**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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**ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD**

**EQUALITY IMPACT ASSESSMENT**

**EqIA : Treasury Management Outturn Report 2021/22**

**Advance equality of opportunity**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

### Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

**2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates.**

# ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

## EQUALITY IMPACT ASSESSMENT

EqIA : Treasury Management Outturn Report 2021/22

*These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.*

Report Title:	<b>Audit and Governance Committee – Draft Annual Report 2021/22</b>
Contains Confidential or Exempt Information	No - Part I
Member reporting:	Councillor Lynne Jones, Chair of the Committee
Lead Officers:	Adele Taylor, Executive Director of Resources
Meeting and Date:	Audit and Governance Committee – July 28 2022

## **REPORT SUMMARY**

Part 2A (26) of the [council constitution](#) requires the Audit and Governance Committee to report annually to Full Council 'in relation to the Audit and Performance of the Council.'

### **1. DETAILS OF RECOMMENDATION(S)**

**RECOMMENDATION: That Audit and Governance Committee agrees the content of its annual report to Full Council**

### **2. CHAIRMAN'S INTRODUCTION**

- 2.1 The Committee was re-established in 2020/21, as recommended by the CIPFA review of Financial Governance in the Authority. It has taken over many of the functions of the Corporate Overview and Scrutiny Panel.
- 2.2 This has enabled increased Member oversight of key financial governance issues.
- 2.3 The Committee oversees the work of both the internal and external auditors. It is responsible for approving the statement of accounts. It also oversees Risk Management, Fraud and Treasury Management.
- 2.4 It has met 4 times during 2021/22.

### **3. TOPICS CONSIDERED DURING THE MUNICIPAL YEAR 2021/22**

- 3.1 The 25 reports considered included:
  - Statement of Accounts and External Audit ISA260 reports
  - Annual Governance Statement and progress report
  - Internal Audit Annual Report 2020/21 and 2021/22
  - Internal Audit – new provider
  - Internal Audit in-year progress reports
  - Draft Treasury Management Strategy and Prudential Indicators 2022/23
  - Draft Capital Strategy 2022/23-2026/27
  - Council Trusts

- Risk Management Report
- Key Risk Report
- Redmond Review of External Audit

#### **4. PROPOSALS FOR IMPROVED WORKING METHODS**

4.1

4.2

#### **5. THANKS**

5.1 The Committee would like to thank the following individuals and organisations for their involvement in the Committee's work this year:

- The outgoing Chair of the Committee
- Officers from the Finance Team
- Officers from Democratic Services
- Officers from the Shared Audit and Investigation Service and SWAP
- The Council's external auditors, Deloitte

#### **6 PROPOSED WORK PROGRAMME FOR THE MUNICIPAL YEAR 2021/22**

6.1 The Committee proposes to consider the following topic areas in the coming municipal year:

Topics already in progress/carried over from 2021/22:

- Internal Audit progress reports

New topics:

- Statement of Accounts 2020/21 & 2021/22 and External Audit ISA260 reports
- Draft Treasury Management Strategy and Prudential Indicators 2023/24
- Draft Capital Strategy 2023/24-2027/28

#### **7. APPENDICES**

7.1 None

#### **REPORT HISTORY**

<b>Decision type:</b>	<b>Urgency item?</b>	<b>To follow item?</b>
For information	No	No

## WORK PROGRAMME – AUDIT AND GOVERNANCE COMMITTEE

<b>DIRECTORS</b>	<ul style="list-style-type: none"> <li>• Duncan Sharkey (Chief Executive)</li> <li>• Adele Taylor (Executive Director of Resources and S151 Officer)</li> <li>• Emma Duncan (Deputy Director of Law and Strategy)</li> </ul>
<b>LINK OFFICERS &amp; HEADS OF SERVICES</b>	<ul style="list-style-type: none"> <li>• External Auditors – Deloitte</li> <li>• Internal Auditors - SWAP</li> <li>• Steve Mapple (Insurance and Risk Manager)</li> <li>• Andrew Vallance (Head of Finance)</li> <li>• Karen Shepherd (Head of Governance)</li> </ul>

### MEETING: 22<sup>nd</sup> SEPTEMBER 2022

ITEM	RESPONSIBLE OFFICER
Internal Audit Progress Report	<b>Internal Auditors</b>
Update on the Redmond Review	<b>Adele Taylor, Executive Director of Resources</b>
Work Programme	Panel clerk

### MEETING: 20<sup>th</sup> OCTOBER 2022

ITEM	RESPONSIBLE OFFICER
Annual Governance Statement Action Plan Update	<b>Emma Duncan, Deputy Director of Law and Strategy</b>
Key Risk Report	<b>Steve Mapple, Insurance and Risk Manager</b>
Council Trusts Report	<b>Karen Shepherd, Head of Governance</b>
Internal Audit Progress Report	<b>Internal Auditors</b>
Mid-year Treasury Management Report 2022/23	<b>Andrew Vallance, Head of Finance</b>
Draft Treasury Management Strategy 2023/24	<b>Andrew Vallance, Head of Finance</b>
Draft Capital Strategy 2023/24	<b>Andrew Vallance, Head of Finance</b>
Work Programme	Panel clerk

### MEETING: 16<sup>th</sup> FEBRUARY 2023

ITEM	RESPONSIBLE OFFICER
Internal Audit Progress Report	<b>Internal Auditors</b>
Internal Audit Plan 2023/24	<b>Internal Auditors</b>
Work Programme	Panel clerk

**ITEMS SUGGESTED BUT NOT YET PROGRAMMED**

<b>ITEM</b>	<b>RESPONSIBLE OFFICER</b>