

ANNUAL GOVERNANCE STATEMENT 2021-22

INTRODUCTION

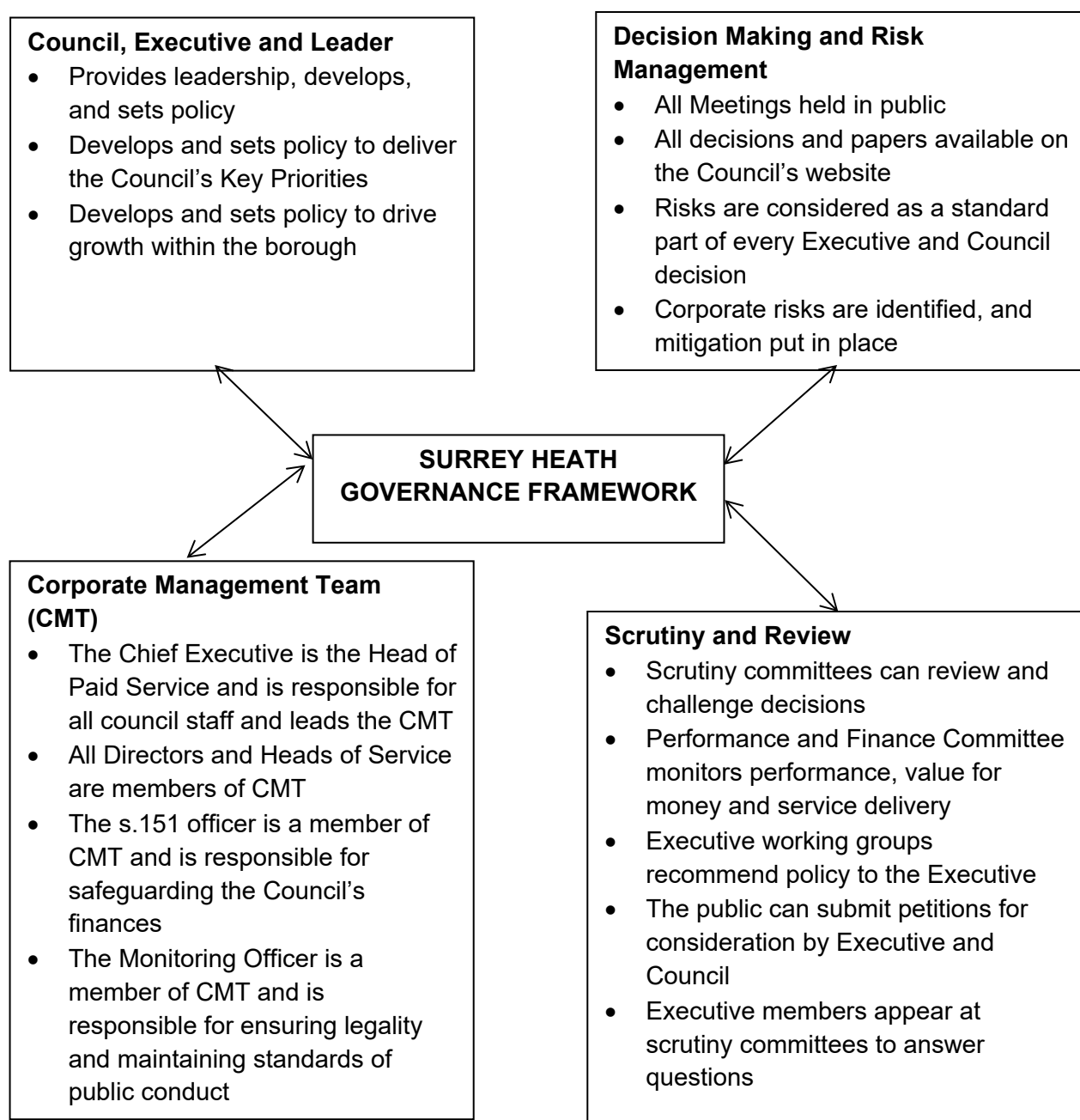
Local authorities are statutorily required to review their governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement.

The Framework requires local authorities to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for;
- and resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK



HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

The Council has approved and adopted a Code of Corporate Governance together with a number of other strategies and processes, such as financial regulations and codes of conduct which strengthen corporate governance. The Council's Constitution contains rules, requirements, processes, procedures and authorisations to ensure effective governance across the Council.

The Coronavirus pandemic has had a significant impact on both the Council's finances as well as on how it delivers its services. The Council introduced Covid safe support services to assist with the national response at government level and be able to continue to deliver existing services to residents. This has required the Council to change the way services are delivered and at the same time develop and maintain new services to support those residents affected by the pandemic.

Set out below is how the Council has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2021-22

PRINCIPLE A

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

The Council has a Code of Conduct for elected Members, and a Code of Corporate Governance which provides guidance for officers and Members on expected standards of behaviours to ensure integrity. Members and officers receive training in Code of Conduct and behaviour issues. The Council has adopted a new framework for values and behaviours which comprises five values which are Customer Focus, Teamwork, Innovation, Delivering Results and Proud to serve. The Audit and Standards Committee and Monitoring Officer ensure that the Members' Code of Conduct is up to date and investigate any suspected breaches. The process for dealing with investigations is contained in the Constitution regularly reviewed by the Monitoring Officer.

All officers and Members must also sign up to the Council's Anti-Fraud and Corruption Policy and declare any interests they may have or gifts they have received which are recorded in the Gifts and Hospitality Register. These are reviewed periodically by Internal Audit. The Speak Up Policy (formally known as the Whistleblowing Policy) provides protection for individuals to raise concerns in confidence about unusual behaviour and ensures that any concerns raised are properly investigated. The policy is available on the Council's website and forms part of the Council's induction process. A Bribery Policy has also been established and adopted. The Council has an internal corporate enforcement team which has the power to investigate any suspected fraud or corruption both internal and external with the support of the police and is able to report directly to HR/Monitoring Officer for action to be taken if required. Several Council officers are trained to undertake interviews under caution in accordance with the Police and Criminal Evidence Act 1984.

All Council decisions have to consider legal and governance implications which are included as a standard paragraph in all Committee reports. Senior officers and other key post holders receive support from Legal Services in this regard and if specialist legal advice is required then the Council will engage external advisers. The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to Members. Both these officers are required to review all Committee reports.

The Council has an internal audit team that undertakes audit reviews of the Council's main activities on a regular basis. Findings are reported to the Corporate Management Team and to the Audit and Standards Committee periodically. Audit has a direct reporting line to the Chief Executive as well as the Audit & Standards Chair on matters that may require immediate action.

The Council's Governance Working Group meets regularly to discuss matters of governance and to make recommendations on improving governance. The group comprises of Members and senior officers.

An officer Equality Action Group champions equalities throughout the organisation, monitors compliance with the Equalities Policy, and reviews service level Impact Assessments. There is also a Member Equality Working Group looking at ways to engage the community. All decision reports are required to complete a section on equalities implications.

PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

All meetings are open to the public and all agenda papers, reports and decisions made by the Council are published on the Council's website together with details of forthcoming consultation exercises, surveys, and public meetings, except those determined as exempt from publication. The Council's Constitution also provides for public engagement at Council meetings whereby the public can attend and put questions to Members. Committee reports contain a standard paragraph to comment on consultation with third parties and stakeholders.

Temporary regulations regarding Covid 19 have enabled Councils to hold remote Committee meetings until May 2021, however the Council needs to keep under review the laws on holding hybrid and fully remote Committee meetings because changes are anticipated.

The Council's Constitution sets out how it engages with stakeholders and has representation on the governing bodies of external organisations including the local housing association, CCG, and other joint bodies.

The Council has reviewed the requirements of The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018 and has undertaken a review of its website to ensure the Council is compliant and maximises engagement from the community in terms of accessing Council information.

The Council traditionally holds two business breakfasts each year to present the work of the Council and to discuss matters of common interest to local businesses. The Council sends every household a copy of its residents' magazine, Heathscene, three times per year, which includes articles of interest affecting local residents. The Council also posts on social media channels including Twitter, Instagram, Facebook, LinkedIn, and YouTube. More specific e-bulletins and publications are created for various communities of interest, such as businesses, theatre users etc as well as for changes in services. The Council has set up a specific website called Camberley Be Inspired that provides latest news on the town centre regeneration.

PRINCIPLES C AND D

Defining, optimising, and achieving outcomes

The Council has in place a five-year strategy covering 2022 to 2027 based around 4 themes. These are Environment, Economy, Health and Quality of Life and Effective and Responsive Council. For each of these themes there are high level objectives and underneath are the priorities. A new Annual Plan is approved by Members each year which sets out the key targets which will be delivered for the year to further the priorities. These targets feed through into project plans and individual staff and team objectives to help ensure that specific outcomes in relation to the five-year strategy can be delivered and monitored.

Each service also plans out how it will deliver the outcomes relevant to its area of work in the context of the agreed budget for the year ahead. Services challenge each other through the Corporate Management Team to ensure their budgets deliver value for money.

To ensure that the Council continues to deliver sustainable social and environmental benefits, there is an Economic Development Plan, as well as a series of more specific strategies. These include the Health and Well Being Strategy, Housing Strategy, and the Air Quality Strategy. The Council has created a new role to help tackle climate change at a local level.

All decisions, unless delegated, are made by Executive which include reviews of options and risks by officers and Members. Key performance indicators are in place for all services, and these are reported bi-annually, together with performance against the Annual Plan, to Members for discussion and potential intervention where expected performance is not being achieved.

The Council has been through a programme of rapid technology change and significant transformation and continues to review ways of working in order to increase efficiency, reduce costs, adapt to changing legislative requirements, and simplify its IT estate. It has invested in some of the latest technology and innovation enabling services to move to cloud-based computing to support agile and mobile working. The Council has invested in a new cloud-based telephony solution now implemented for all staff. The old hardware was decommissioned in November 2019. The new system allows staff to access work calls on their personal or work mobiles. Spider (or teleconferencing) technology has also been introduced at several sites across Surrey Heath House, which enables teleconferencing meetings to be held.

The Council's ageing network switch infrastructure has been re designed improving resilience and connection speeds for staff and equipment. A number of computer applications have moved to Box and are no longer stored on the Council's server network. Acolaid has been replaced with Idox Uniform, the CRM system ~~is being~~ has been replaced with a new cloud base system, a cloud-based GIS system has been implemented and the Council's finance system Civica successfully migrated to a cloud-based system to allow users to be able to access it remotely. The HR and ICT Team have jointly implementing a cloud-based HR system to further support agile working. Elsewhere, IoT technology has been implemented at Surrey Heath House which allows legionella compliance to be tested automatically. The roll out of Intune laptops has been progressing and now over 100 Intune laptops have been deployed to staff.

Due to the overspend on the public realm works in Camberley Town Centre, the Council agreed to scrutinise the overspend with a view to improving governance on capital projects.

PRINCIPLE E

Developing capacity and capability

A key element of the Council's service planning is to maximise the investment in staff through training to enhance the qualifications and skills to enable them to fulfil their roles and potentially progress within the organisation. Several staff have obtained qualifications through this route and have progressed as a result. The Council has maintained its training budget despite reductions in other areas to ensure that it can develop staff for the future and deal with shortages in key areas such as planning. Training requirements are reviewed for all staff as part of their annual appraisal which highlights areas of development required to enable them to fulfil their objectives for that year. The Council provides mandatory training for all staff where appropriate, examples include information governance training, safeguarding and emergency centre training. The Council is also a member of the Surrey Learn Partnership which offers cost effective personal skills training in areas such as management skills, communication skills and personal effectiveness on a Surrey wide basis. The Council has a full induction programme for staff and Members.

A new Councillor welcome pack was provided to all Members, as well as a quick start guide for IT guidance. An external firm of solicitors were commissioned to train Members on the Licensing Act 2003, South-East Employers provided two training sessions on Chairing Skills as well as on Effective Ward Work. Several Members also attended a South-East Employers new Councillor event with other new Councillors from other authorities in Newbury. A comprehensive training timetable was also rolled out covering sessions on equalities, cyber security, data protection and planning.

During the year, a number of staff were supported through training and experience to gain professional qualifications. This is seen as a major incentive to attract staff to the Council and enable it to address skill shortages and competencies in the future. The organisation has rolled out a new agile working policy for its staff to enable them to achieve a more positive work life balance and provides a basis for working remotely away from the office environment.

The Council works across a broad set of partnerships and collaborative arrangements and uses commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way. Under the Joint Waste Partnership Surrey Heath is the lead authority of four authorities to deliver a waste and recycling operation under a single contract. The Council has also extended its joint arrangements with other Councils in areas such as Environmental Health and Community Services.

The Covid-19 pandemic resulted in collaborative working arrangements needing to be established with some of our partners to help support the welfare work, including new arrangements with the voluntary sector such as Surrey Heath Prepared, and Age UK, as well as with the National Shielding Service and Surrey County Council to deliver a welfare response. New governance arrangements as well as data sharing protocols were established.

The Council is developing an agile working policy to increase capacity through more flexible working. One aim of the policy is to achieve an appropriate balance between office and home working to boost capacity.

PRINCIPLE F

Managing risks and performance

The Risk Management Strategy sets out the Council's approach to identifying and controlling risk. A Corporate Risk Register is maintained which identifies the key risks the Council is facing

and measured against impact and likelihood. The risk register is reviewed periodically by the Council's risk management group and is reported to CMT and to the Performance and Finance Committee at least annually.

The Corporate Risk Management group have continued to review existing as well as risks that have emerged following the end of restrictions associated with the Covid-19 pandemic, especially in terms of the effects on current and medium to long term Council finances and financial planning. The main risks associated with the pandemic were identified at the onset of Covid-19 and the risk associated with the new normal continue to be monitored by CMT.

During 2021/22 the Council has continued to prioritise the health and safety of its workforce and the communities it serves.

The Council regularly reviews and assesses hazards within the workplace and implements control measures to mitigate risk. Updates on Health and Safety matters is now a standing item on the CMT agenda. This is defined in law under the Management of Health and Safety at Work Regulations 1999. The measures are communicated to relevant staff.

The Council also has a written Health and Safety policy (which includes steps on how to deliver the policy) which is kept under constant review to ensure that it remains up-to-date.

As regards the management of the workplace to ensure that services were maintained and staff protected post Covid lockdown, the following additional health and safety strategies were implemented:

- Ensuring adequate ventilation to help reduce risk of spreading coronavirus in Council workplaces;
- Supporting and advising staff working from home and those required to work alone on lone without supervision. Regard was also paid to issues such as providing suitable equipment (e.g., laptops) and the management of stress arising from lone working;
- Covid security for workers was added to the Council's Risk Register;
- Guidance was issued to staff to on personal protection, visitor access to buildings, social distancing and the use of on-line technology (e.g., 'Teams' meetings);
- Increased cleaning and other hygiene measures were introduced to the workplace.

Progress against the Annual Plan objectives and KPI's are reported bi-annually to Members. The Council has adopted a suite of Financial Regulations together with Contract Standing Orders, which set out expected financial and spending processes and internal controls, which are monitored on a periodic basis.

The internal audit team provide regular reports on the effective operation of these controls together with an annual assessment of the overall control environment. The Council's Information Governance Manager is responsible for overseeing the Council's compliance with UK GDPR and DPA, ensuring effective information governance, information security, information rights and records management processes are in place. The annually reviewed Data Protection Policy and Information Security Policy governs how information should be securely handled, transmitted, stored, and maintained. The Council's Data Security Breaches Policy governs the effective reporting, investigation, and management of breaches of information security. The roll out of the GDPR regulations and associated DPA has resulted in the corporate Privacy Notices being regularly updated on the Council website and new ones for different departments are being added. All staff have completed information security and GDPR training. One of the main risks to information management comes from cyber-attack.

The Council has taken out insurance policies to help manage its risk exposure and has commissioned the services of services providers at the London borough of Sutton, and commercial insurers Zurich and Allianz.

The Council recognises that it does not have the expertise internally in all matters and engages external advisors when required for example in relation to the town centre regeneration, the public realm works, and Council development projects including Ashwood House, the London Road Block and the new leisure centre.

The Council submits reports on its performance in complaints, planning, environmental protection, and a number of other areas to Members each year for discussion and comment.

The Council has purchased the town centre site in order to regenerate the Square and the London Road development site. The Council recognises that this carries a significant level of commercial and financial risk, and it has appointed professional agents and legal advisers to manage and advise on these areas so as to minimise these risks.

A corporate strategy has been developed to help manage the Council's climate change agenda and to reduce emissions. A task group has been established which is charged with a number of actions including how the Council plans to deliver the carbon reduction target; to declare a Climate Emergency and develop actions to support businesses and all relevant bodies in their work to tackle climate change; and develop a policy for the use of renewable materials and energy across the Council's estate; agree to make Surrey Heath Borough Council and its contractors carbon neutral by 2030.

The Council's corporate enforcement team continues to manage the risks associated with unauthorised encampment sites.

Covid 19 has necessarily resulted in complex and unprecedented negotiations between the Council and tenants regarding rent deferrals and concessions. Due to the urgency, these negotiations have been accelerated and therefore potentially there may be some risk in terms of the overall benefit of the negotiated outcomes.

Covid-19 has had a significant effect on both the Council's short term cash flow and financial situation, but equally on the long-term effect on the level of resources available, together with the uncertainty over its medium-term financial planning. Council income has fallen dramatically during the lockdown periods particularly with the temporary closures to both the Council's car parks and the theatre, both of which form a significant source of income for the Council. The Council's property portfolio has also been affected, in terms of offering rent deferrals and tenants not being able to meet their rents due combined with the Government moratorium on recovery action and evictions. Council investments will also be affected in terms of interest and dividends expected from money market investments.

Although relatively low value, the Council will not be able to rely upon future funding from the New Homes Bonus which is in the process of being phased out. The amount of business rates the Council can retain is likely to reduce as the impact of the recession is felt by more businesses and the Government intends to reset the baseline. This will be limited to the point at which the Council will hit the safety net of 92.5% of the retained amount.

With the ongoing reduction of in-year funding the Council has made the decision to use some of its financial reserves in the short term to help balance its budget. Reserves can only be drawn on once and when spent are unlikely to be replenished; continual use of reserves to

balance the budget represents a significant risk in the long term unless future budgets are balanced between expenditure and funding.

The government announced a new comprehensive package of support to help address spending pressures and to cover lost income during the pandemic. The major new support package to help councils respond to the pandemic will assist as part of a comprehensive plan to ensure the Council's financial sustainability for the future. The scheme reimbursed the Council for lost income and also allows council tax and business rates deficits to be repaid over 3 years instead of one. Where losses were more than 5% of planned income from sales, fees and charges, the government provided cover at a rate of 75p in every £1 lost.

The government also announced financial support for small businesses, retail, hospitality, and leisure sectors. The Council acted as a payment agent for three grant funding schemes- the Small Businesses Grant Fund, Retail, Hospitality and Leisure Grant Fund and Discretionary Fund Grant. All grant applications underwent a verification process to ensure they are genuine and valid.

Post Covid-19 there will be a significant impact on the Council's capital programme. The increase in costs for labour and materials in the construction sector has meant that the Council has prudently placed a number of build projects on hold and new viability studies and timeframes have been developed.

The Covid-19 pandemic has also resulted in a rise of unforeseen and unbudgeted Council expenditure on items such as health and safety equipment, e.g., PPE, office screens and signage, in addition to extra spend on office cleaning, cleaning products and hand sanitizers, to protect both the workforce and visitors to the Council.

The Joint Waste Service has also introduced a variety of service adjustments in response to the pandemic and these have been communicated to staff and to service users.

The budget challenges have been recognised by the Council by undertaking more detailed analysis of the financial position of the Council. A revised Medium Term Financial Strategy was developed and approved by February's budget Council; as part of this the Council is planning to pursue a budget review process to examine further efficiencies for individual departments to be completed in the first quarter of 2022/23..

PRINCIPLE G

Implementing good practices in transparency, reporting, and accountability

All Council agendas and supporting information, unless exempt, set out the reasons for the decisions made. The Council works to provide clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. The Council reports performance against targets, its Annual Plan objectives, and financial budgets on a regular basis.

Outstanding internal audit recommendations that are essential are periodically reported to CMT and the Audit and Standards Committee as required, to ensure that officers undertake any follow up actions as appropriate.

The Local Government Transparency Code 2015 requires local authorities in England to publish information related to spend including expenditure over £500, government procurement card information and senior salaries. Surrey Heath is committed to providing residents with information that explains how we spend their money. The Government has set

down guidelines as to the format of this information to enable residents to compare the performance of one authority against another.

Surrey Heath, as a public body, is also covered by the Freedom of Information Act. This Act gives a general right of access to all types of recorded information held.

The Chief Executive, Monitoring Officer and Democratic Services Manager meet every 6 months to review which exempt minutes can be released.

REVIEW OF EFFECTIVENESS

Management Assurance Statements – summary of key points from service areas

Finance & Customer Service (including Planning Services)

Development Control

Areas for improvement - better officer training program required for CPD and a commitment by the team to engage with this; timeliness of statutory decision making and efficiency of internal working practices to reduce the number of expired planning applications, the reliance on extensions of time and further improve statutory returns (particularly minors); consistency of officer approach with decision making and internal procedures; improved use of Planning Performance Agreements to supplement finances, aid resources and deliver effective sustainable outcomes.

Governance weaknesses that have been addressed in-year - engagement with planning agents and developers by the introduction of developer forums with the first one held in January and with future events to be held bi-annually; performance of the service including customer care by an independent review of the service by the Planning Advisory service with recommendations being implemented; insufficient capacity with the team to undertake statutory duties with over reliance on temporary contractors and the establishment structure being too flat by changing to a structure to introduce a second team leader and establishment vacancies filled; better performance management tools by the introduction of Enterprise performance monitoring software system and greater emphasis on 1-2-1s.

Planning Policy & Conservation

Areas for improvement - improving project management skills and financial training within the Council to increase performance and capacity; providing procurement training to teams, e.g. procurement training for the Policy and Conservation Team has been arranged.

Governance weaknesses that have been addressed in-year - monthly service accountant meetings to be re-instated to deal with consistent financial support by service accountant due to in year changes in service accountant; budget information has been requested to tackle a lack of information on salaries budgets.

Building Control

Areas for improvement - ensuring the retention and recruitment of qualified staff to ensure the Council's capacity to fulfil its statutory duty in regard to Building Control; ensuring capacity in the Building Control team to enable staff to complete essential training and obtain statutory qualifications to perform their roles.

Governance weaknesses that have been addressed in-year - lack of official procedural compliance has been addressed by undertaking and achieving ISO 9001 compliance for Surrey Heath Building Control; resilience and capacity in the team has been addressed by successfully recruiting one permanent surveyor and advertising for the vacant surveyor post.

Finance

Areas for improvement - the timely preparation of statutory accounts; improvements made to the budget monitoring reports and the monitoring of the budget in general.

Governance weaknesses that have been addressed in-year - greater active involvement of budget holders in budget monitoring and forecasting.

Procurement

Areas for improvement - the Council requires a new Procurement Strategy; the Council requires a review of its procurement processes to include ED&I, anti-poverty, social value, and fairtrade considerations; the Council needs a pipeline of procurements that are coming due particularly with regard to the major contracts; the Council requires a review by internal audit as to the suitability and capacity of the corporate procurement function. Improvements are also needed for compliance with contract standing orders and procedural rules, along with better use of Procurement tools already provided such as the Procurement and Contracts Register and the Delta e-sourcing tool.

Governance weaknesses that have been addressed in-year - the Council has recruited a full-time procurement officer to address the lack of procurement resource; CMT receives regular reports and a procurement pipeline is being developed so that the lack of procurement awareness in the Council of upcoming procurements is being met; 'Airtable' cloud based system has been introduced, and now needs to be used by all services which is helping to address the contract register being out of date. There is a lack of use of the Council's Procurement and Contract Register which is being tackled by the introduction of an online accessible version for all Officers to record procurements and contracts placed in-line with internal requirements and with The Transparency Code 2015. A lack of Officers' compliance of the CSOs is being addressed by supporting Internal Audit during Procurement Audits to identify areas needing further awareness and improvement, and a lack of Procurement resource to support and implement best practise strategies is being addressed by an SHBC wide Procurement Officer role engaged under Finance to implement improvements.

Customer relations/contact centre

Areas for improvement - coordinate/cross reference planned consultations to ensure resident requirements for all services are fully understood, better councillor engagement and understanding of services provided, and provision of mental health awareness and training for contact centre staff.

Governance weaknesses that have been addressed in-year – Councillor engagement was improved by meeting with new Portfolio holder, provision of better management information, and further meetings planned. There has been an opportunity to expand on service achievements and challenges during the Star Chamber process.

Management capacity has been tackled by cross training of managers across two teams, Post Room and Contact Centre and also releasing savings and build further resilience into the service.

Revenues and Benefits

Areas for improvement - Training to staff to support them in identifying the business risks that will affect the Revenues & benefits team; Ensure adequate controls are in place to ensure the accuracy of the work undertaken by the service and ensure procedure notes are updated timeously

Governance weaknesses that have been addressed in-year - Covid grant payment reconciliation process has been addressed by all payments made using Civica Financials; Covid grant payments identification of eligible recipients has been tackled by only using NEC or approved supplier solutions; and Covid grant application fraud has been addressed as all applications have been checked using Spotlight.

Legal & Democratic Service

Democratic Service & Elections

Areas for improvement - earlier identification of decisions required to ensure sufficient notice is given for decisions, in particular key decisions, and avoid the use of Urgent Action.

Governance weaknesses that have been addressed in-year - areas of the Constitution where anomalies and inconsistencies exist and where it is lacking in precision have been addressed by carrying out a full review of the Constitution with the Governance Working Group; resources within the Democratic Services Team have been tackled by the addition of a temporary resource within budget to cover the election period; weaknesses and gaps in the Constitution have been considered; and the election software contract has been addressed by carrying out a procurement exercise.

Legal (property)

Areas for improvement - scanning paper records so that electronic copies are held, thus aiding the disaster recovery process, helping provide faster and more effective property management and freeing-up space within Surrey Heath House by destroying

documents that are no longer needed; putting the management of all properties under one single property team, with records being held separately by Corporate Property, Leisure and Investment & Development as management has been disjointed. This exposes the Council to greater risks, increases costs and reduces the ability of the Council to maximise income from its property portfolio; additional resources for property management is needed, particularly in terms of the management of Leisure properties where there is a gap in expertise. This would also give Corporate Property greater capacity to manage the investment property portfolio and better exploit opportunities to increase revenue.

Governance weaknesses that have been addressed in-year - with the ownership of The Square in Camberley being transferred to the Council in April 2021, a new governance process had to be put in place for proposed lettings. A governance process was established with Montagu Evans and officers to ensure proposed lettings were considered and recommended for approval in accordance with the constitution. With the recruitment of a retail asset manager, this process should become quicker and assist in maximising revenue. There has been a lack of resources in Legal Services to assist with Property and Planning work, so a benchmarking exercise was undertaken with other districts to help assess salary levels. Efforts have also been made to improve adverts, job descriptions and person specifications to improve recruitment efforts. A Senior Solicitor and a part time (24 hours a week) Solicitor were recruited in September 2021.

The IKEN case management system has prevented effective agile working so the case management system has been replaced with a cloud-based case management system which is more compatible with agile working.

Legal (litigation)

Areas for improvement – better utilisation of bundle documents to enable court bundles to be produced electronically, saving printing and paper resource and officer time, and the submission of electronic claims to the Courts wherever possible.

Governance weaknesses that have been addressed in-year – a lack of resilience in the team to pick up litigation matters in the event of my senior staff absence has been addressed, to some extent, by introducing a template bank in Box so that team members can access prosecution templates for enforcement and planning matters.

Internal Audit

Areas for improvement - increasing in year assurance by undertaking new audits to maximise audit coverage including Climate Change and Cyber Security; improving the monitoring of audit recommendations and reporting progress made by making better use of the cloud based Air Table software; benchmarking the performance of Internal Audit with other authorities by carrying out a Peer Review in 2022 with Spelthorne and Elmbridge councils and increasing the assistance given to CMT by carrying out ad hoc corporate consultancy activities e.g. corporate reviews and investigations.

Governance weaknesses that have been addressed in-year – addressing capacity and resilience issues by managing work loads and customer/client expectations; reviewing and updating the Council's Financial Regulations and Contract Standing Orders; providing corporate audit assistance to the following areas - IR35 compliance, credit card usage, NFI as well as introducing a new asset disposal policy.

HR, Performance & Communications

HR

Areas for improvement – using LinkedIn to advertise posts as much as possible therefore reducing advert costs

Governance weaknesses that have been addressed in-year - regular checking of recruitment advertisements throughout the year, approving recruitment advertisement after one attempt made using JGP and LinkedIn; the health and wellbeing budget was overspent due to support to a particular service area so this has been tackled.

Organisation Development

Areas for Improvement - better project management across the organisation, e.g. through the Capital Programme Board which is being supported by HR, and escalation of issues; continuing the focus on learning & development to increase performance and capacity including growing talent; further improving the Council's training records (including those on the eLearning system); continuing to review mandatory training e.g. Safeguarding training; creation of a Corporate Policies list for transparency and to monitor when/how these need to be updated; continuing to improve and strengthen the performance management approach and trying to improve the Council's use of the apprenticeship levy

Governance weaknesses that have been addressed in-year - mandatory training has been reviewed and any outstanding induction training chased; implementation of a new function within the eLearning system of 'certification' for Data Protection annual refresher; the need for a new Five Year Strategy based on an extensive public consultation exercise and significant engagement with Member from all political groups and partners. Introducing clear targets under the key themes which then translate to the Annual Plan for 2022/23. The ability to maximise capacity within the Council with a strong focus on learning & development and talent management; increased capacity in this area with the introduction of a FT OD Officer post using existing unused funds; capacity for improvement activity by the introduction of the NGDP and Kickstart schemes.

ICT

Areas for improvement - cyber readiness by reviewing suitability of logging platform to support log storage as well as plans to raise further end-user awareness of risks and threats; review of replacement options to replace legacy door access system

Governance weaknesses that have been addressed in-year – the appointment of a new team member to address the ICT Service Desk staffing issue; adoption of Azure

Virtual Desktop to replace remote access tied to firewall located at Surrey Heath House as well as the migration of key Council systems to cloud (e.g. HR system to iTrent, Revs and Bens to NEC cloud) is addressing agile working and reducing reliance on Server room and Surrey Heath House; moving away from Proact IaaS to Microsoft Azure to help IaaS platform managed by single supplier; adoption of PDNS to further improve laptop endpoint security; agile working and laptop lead time (due to global chip shortages) issues have been addressed by using alternative options including remanufactured equipment.

Community Development & Safety

Governance weaknesses that have been addressed in-year – the CCTV service and provision has been addressed via the Executive Agenda and a policy adopted on 16/03/2022.

Communications and Engagement

Areas for improvement - a clear communications strategy is needed that is agreed for the Council; continue to work to ensure that the accessibility rules are adhered to, and whilst a large amount of work has been undertaken to ensure the Council is compliant, further training and awareness to be provided for staff; there is a lack of knowledge and resilience around leisure leases but through organisational redesign this issue will be resolved; the software used for the Council's website will soon become de-supported, this needs to be updated; there is no agreed framework for dealing with consultations with teams able to decide rather than any consistency of approach. Promoting consultations is much improved but the content/direction for consultations are owned by the teams delivering them; there still needs to be a clear process needed for the sign off communications.

Governance weaknesses that have been addressed in-year -accessibility - an assessment of all pages on the website was completed with all pages updated to adhere to the legislation. Clear guidance given to staff to ensure we continue to adhere to the legislation; website - working with ICT capital funding has been secured to upgrade the website from drupal 7 which will become unsupported to drupal 9; improve internal communications – the comms team was part of the project team that introduced a new intranet to improve internal communication channel which was identified in the staff survey as an area that needed to be improved.

Investment & Development

I&D

Areas for improvement – Strategic framework required for the investment portfolio to set direction and policies for management implementation. Development of high level KPIs as strategic monitors of performance. Consolidation of information to provide internal reporting of health, safety and compliance activities delivered by the Council's investment managing agents. Development of sustainability and environmental obligations in new leases.

Weaknesses that have been addressed in-year - On -shoring of the Council's ownership of retail assets as a means to provide direct control and supported by strengthened interface and governance with the Council's managing agents. Improved internal reporting on investment performance. Policy for recovery of rental arrears established and implemented. Improvements in letting of vacant properties. Governance Investment income not shown in Council general ledger is now included and performance monitored monthly. Project management processes have been defined and are being adhered to, providing greater rigour and control of projects. The absence of a risk register has been addressed and is being updated quarterly; and the absence of an approvals process for lettings is now in place.

Environment & Community

JWS

Areas for improvement - on behalf of SEP, JWS utilise the waste hierarchy to focus priorities on waste prevention and recycling and are currently in the process of developing an interim strategy to bridge the gap until further clarity is received from government on key emerging policy; JWS is currently building on the strength of the work programme procedure to further develop its approach to performance management, ensuring tangible outputs and/or outcomes; and is developing a resource planning tool to actively monitor and manage the placement of its resources effectively and efficiently to ensure successful delivery of both the SEP and Joint Contract work programmes; regular project management meetings take place through the life of projects and appropriate interventions are discussed and deployed as agreed and appropriate by the project board and/or key stakeholders; JWS has identified the staff who would benefit from the Safeguarding Training and is working to ensure this requirement is fulfilled; JWS is accountable to all 12 local authority partners of the SEP and the 4 local authorities in the joint contract. Governance arrangements with 4 officer and 4 member meetings annually for both SEP and the joint contract enables approval of the work programme and associated expenditure and transparency of delivery throughout the year. There is currently a project in the work programme to review and further strengthen the governance arrangements of SEP; JWS actively engages with local authority practices and procedures to identify and where relevant implement savings and efficiencies and increase income generation.

Weaknesses that have been addressed in-year - JWS are currently leading on a project to develop an interim Joint Municipal Waste Management strategy by SEP 2025 – a partnership approach to waste prevention and recycling. SEP 2025 will bridge the gap between now and receiving further from government on key emerging policy and provide a clear strategic direction with a vision and objectives for the next 3 years. SEP 2025 performance will be monitored quarterly and reviewed and updated annually; Performance management - JWS is currently building on the strength of the work programme procedure to further develop our approach to performance management, ensuring tangible outputs and/or outcomes. This will enable us to better understand the impact of our activities and the cost / benefit of our projects and initiatives. It will also allow us to manage our performance against SEP 2025 and implement interventions where necessary to improve performance. Governance - JWS are reviewing and updating the SEP Governance arrangements. At present, some governance activities have not been formalised and they need to be, and some

areas could be streamlined to enable the partnership to act more effectively and efficiently.

JWS are currently considering the funding mechanisms and arrangements that are in place, with a view to developing a new approach that incentivises the district and borough councils to improve their performance in line with the vision and objectives to be set out in SEP 2025. JWS intends to develop a skills matrix and training plan, with consideration to succession planning. Due to current operational challenges, if this is not completed in 2022-23, it will be delivered in 2023-24. JWS has identified the staff who would benefit from the Safeguarding Training and is working to ensure this requirement is fulfilled.

JWS needs to consider how it could make best use of the Apprenticeship Levy to develop and/or improve skills and capabilities within the team.

Environmental Health & Licensing

Areas for improvement – to improve the financial information, training and support provided to budget managers; finance/budget managers to work together in relation to potential income generation opportunities such as chargeable services and full cost recovery on discretionary services; increase IT/organisational development support to service managers in the review of performance management arrangements/ service KPIs to ensure they are meaningful/ challenging & consider how best conveyed to the public/partners; IT & service managers to work together to identify areas of development and improvement in the IT infrastructure to ensure that case management systems are fit for purpose; continue the integration/embedding of Council's Values & Behaviours through appraisal /one-to-one process/team meetings/staff briefings; review potential areas of joint working/overlap between service areas to improve efficiency/customer service.

Governance weaknesses that have been addressed in year - the main management focus in 21/22 was deploying resources to meet the EH & Licensing Service's Covid-19 enforcement and contain/outbreak management duties, however some improvements in the use of Uniform, performance and financial monitoring/ reporting were made and work undertaken to ensure officer competency/development across the service disciplines was maintained.

Enforcement

Areas for improvement – the Uniform project continued to cause problems for the team in terms of service delivery so better working with ICT to address issues and laptop priority is needed; resourcing issues to be tackled by less reliance on contractors; confusion over management reporting lines following restructure so working with CMT to address key issues.

Governance weaknesses that have been addressed in-year - managing the out of hours unauthorised encampments service by ensuring learning points are taken on board and are reflected in the out of hours protocol; managing the effective transition across to agile working by using new laptops, Enterprise etc; more effective work force

planning by reporting issues to CMT / Executive for additional permanent resource following a restructure of the Corporate Enforcement team.

Housing

Areas for improvement - improved relationships between service managers and accountants to ensure that managers understand the financial data available and accountants understand the nature of the business to be able to provide relevant financial support and commentary. Better understanding of the cost of delivering externally funded contracts and projects to ensure full cost recovery on all work.

Governance weakness that have been addressed this year – dialogue with Accent to provide improved temporary accommodation for homeless households and reduce voids in current temporary accommodation that are the financial responsibility of the Council.

Family Support

Areas for improvement - stakeholders to be aware of the expectations on them on engagement with FSP TAF process and involvement; and to ensure the re-referral to FSP is appropriate and still meeting level 3 intervention.

Governance weaknesses that have been addressed in-year - lack of professional courtesy and respect from external partners which makes it difficult to respect the rule of law (not following own policies and procedures has been addressed with SCC as commissioners during performance reviews; regardless of the work that FSC put in, if parents are not willing to take accountability, change won't be made, so FS have made it clear on expectations of family; providing challenge to individuals when required by using diary of visits in welcome pack to hold individuals accountable.

Recreation & Leisure

Areas for improvement – on going training to maintain and improve in-house standards e.g. H&S, First Aid, Tree Inspection, play inspection and water management; optimise cost reductions by combining and reviewing services and pricing; regularise the costings and charges for events.

Governance weaknesses that have been addressed in-year – improvements have been made to staff training and is up to date; challenged the renewal pricing to determine best value specifically in relation to energy prices; historic inconsistency in event pricing has been addressed by being regularised per event as they are booked

Camberley Theatre

Areas for improvement – the theatre to recover from COVID enforced lockdowns; encourage staff and audiences to feel safe post lockdown; engage with room hirers and get them to return post-COVID; train staff in new processes and refresh mandatory training; continue to look at ways of making the Theatre relevant and prominent to the Council and visible in the town centre; improve attendance at Squish venue.

Governance weaknesses that have been addressed in-year - meeting increased demand due to the huge surge in activity (booking and sales) in a short space of time as the Council recovered from lockdown; staffing and resource with a small team dealing with a busy and busier than usual schedule while trying to reduce costs; and uncertainty due to COVID, cost of living rises by monitoring ticket prices, offers, keeping in touch with visiting companies, getting audience feedback to gauge change in tastes and views.

Community

Areas for improvement - Whilst outcomes are monitored through Key Performance Indicators for Community Services that deliver social benefits, there is further development of our monitoring and success measures that could be undertaken, should the resources be available to do so, in the future. Whilst those working in services are employed on behalf the Council by Runnymede Borough Council, there is an ongoing commitment within the partnership arrangement to develop the leadership amongst its managers and service leads.

Parking

Areas for improvement – addressing the findings of the audit of Parking Income; better management of contracts for Parking Services.

Governance weaknesses that have been addressed in-year – line manager support and intervention in respect of the internal audit review and recommendations for parking income and reconciliations.

The Council uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

Assurance from Internal and External Audit

The Council receives assurance each year in the form of the annual report from Internal Audit and the opinion of the Section 151 Officer. This is presented to CMT and taken to A&S committee annually.

Internal Audit successfully delivered a number of internal audits from the annual plan in 2021/22. Sixteen individual audits were completed, and action plans were agreed with managers to mitigate risks and improve overall controls. Completed audits included the key finance audits conducted annually such as debtors, creditors, and treasury management. Internal audit also carried out reviews on payroll, information governance, the Community Services Partnership, the theatre and parking. A number of ad hoc pieces of work were also carried out to support senior management, where financial advice, governance health checks, and compliance against policy and procedures were provided to assist the organisation.

An annual report was presented to Members at the A&S committee in July 2021 where it was reported that the internal auditors' opinion for 2021/22 was that the Council's

internal control environment and systems of internal control in the areas audited were adequate and effective.

Selected audit recommendations reported in 2021/22	Agreed action
<p>Parking audit - Parking Services should ensure that daily income variances in respect of takings from car parks are fully investigated, recorded and resolved as a matter of priority, and all material variances are prioritized</p>	<p>A number of mitigating actions have been agreed. These include running system reports as and when required, to help investigate variances, including event reports, sales reports, and other Newpark system reports. The Parking Manager will also ensure that better use is made of the anomaly report each month, so that actions taken can be recorded and to provide a full audit trail. The parking team have also been reminded to retain any audit tickets from payment machines when they are not actioning as expected, and recorded in the diary. The parking team have also been encouraged to report any main issues with payment machines</p>
<p>Creditors audit - Finance should remind all services to carry out their own checks on incoming invoices to ensure they haven't previously been paid</p>	<p>Invoices are requested to be sent directly to Finance. If services receive an invoice, they should carry out their own checks to ensure the invoice has not previously been paid before forwarding it to Finance. Services have/will be reminded to close off POs once completed or when they are no longer required to minimise the risk of duplicates being made</p>
<p>Creditors audit - Finance should critically examine existing controls for identifying potential duplicate payments, as they may not be working effectively</p>	<p>Services have been reminded to check for duplicate POs raised. Arrangements have also been made to improve the invoicing system including invoices to be transferred directly into Civica by the finance team instead of services themselves. Reliance will also continue to be placed on the civica duplicates report.</p>
<p>Emergency Planning - All heads of service in consultation with Applied</p>	<p>Applied Resilience to work with services to update their BC plans and BIAs. AR</p>

Resilience should ensure that individual Business Continuity plans are developed and maintained	are also working with services to align plans with the new corporate structure
Creditors - The Council should decide whether it should pursue the duplicate payments made with suppliers with the aim of recovering overpayments	Action continues to be taken by the finance team to chase the duplicate payments with individual suppliers, and audit has been kept up to date of progress made. The majority of overpayments have been recovered, and action is in hand to recover the remaining duplicate payments from the suppliers

The Council's External Auditor BDO provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of securing and improving value for money.

Self-assessment and review of key outcome indicators

Internal Audit has undertaken a review to confirm that the arrangements described above have been in place throughout the year.

The key outcome indicators below have been used to assess the quality of governance arrangements in 2021/22

Issues Identified	Performance for 2021/22
Formal reports by sec 151 or Monitoring officer	There were no formal reports issued by either the S151 or the Monitoring officer
Outcomes from Standards Committee of Monitoring Officer investigations	There were no outcomes to report.
Proven Frauds carried out by members or officers	There were no frauds to report.
Objections received from local electors	None Received
Local Government Ombudsman referrals upheld exceed national average	There were no such referrals during the year
Unsatisfactory/limited internal audit reports	One - parking audit

Follow up of issues identified in the previous financial year 2020-21

The 2020/21 Annual Governance Statement highlighted 5 areas for improvement. The table below sets out the action has been taken to address these issues in the current year:

Issues identified for 2020/21	Action Taken in 2021/22 to address issues
Organisational restructure	Senior management restructure was completed.
London Road Development	The options have been considered and legal advice taken on progressing new proposals post abandoning the initial tender. Options have been narrowed and work has been undertaken to assess the most viable option to take forward
Property Portfolio and Valuations	Commercial rent arrears are being managed in a reasonable and compliant manner. Work has been undertaken to recover arrears where appropriate balancing ability to pay and cost of recovery. Valuations have been impacted by covid 19 and market trends and new proposals for letting are scrutinised by the Section 151 Officer and Monitoring Officer.
Joint Waste Contract	Joint waste solutions are actively engaged with resolving contractual issues and performance of the joint waste contract. A pathway to restore garden waste collection has been agreed with the contractor and, in agreement with the contractor, measures have been taken to mitigate the driver shortages.
Response to the Covid-19 pandemic	Post lifting of lockdown restrictions proportionate measures regarding health and safety of staff remained in place. Clarity on hybrid working was also provided to further protect staff in order to maintain services.
Issues with the delivery of the Capital Programme	The capital programme has been actively managed due to the Council's financial standing and the impact of significant inflationary pressures and supply chain disruption in the construction industry. Some projects have been put on hold and subject to further review in due course.

Any issues identified for 2022/23

Apart from the audit issues above the Council has identified the following issues are to be addressed during the coming year and any action planned accordingly.

Issues identified for 2022/23	Action to be Taken
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Delivery of the star chamber process	Senior management to oversee delivery of identified savings
Joint Waste Solutions	To progress achieving resolution to the disruption of the garden waste service
Commercial rent arrears	Ongoing work to continue to reduce arrears as far as possible taking into account ability to pay, legislation relating to the moratorium and cost of recovery
London Road Development	Re-procurement of development partner via framework agreement
Asset management contract	Re-procurement of asset management contract to progress and complete
Building control partnership	Explore entering into a full partnership with Runnymede Borough Council for a shared service for building control services

CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements. The significant impact as a result of the Covid-19 pandemic, in particular to the Council's funding and income receipts and use of reserves, will need to continue to be monitored especially if there are any further restrictions.

Damian Roberts
Chief Executive

Cllr Alan McClafferty
Leader