

CITY OF
WOLVERHAMPTON
COUNCIL

Audit and Risk Committee Meeting

Monday, 23 January 2023

Dear Councillor

AUDIT AND RISK COMMITTEE - MONDAY, 23RD JANUARY, 2023

I am now able to enclose, for consideration at next Monday, 23rd January, 2023 meeting of the Audit and Risk Committee, the following reports that were unavailable when the agenda was printed.

Agenda No Item

5 **Annual Governance Statement - Mid Year Update** (Pages 3 - 28)

[To receive the annual governance statement - mid year update.]

If you have any queries about this meeting, please contact the democratic support team:

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 23 January 2023
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Report title	Annual Governance Statement 2021-22 – Mid-term report
Accountable director	Tim Johnson, Chief Executive
Originating service	Strategic Finance
Accountable employee	David Pattison Chief Operating Officer Tel 01902 553840 Email David.Pattison@wolverhampton.gov.uk
Report has been considered by	Claire Nye, Director of Finance

Recommendations for noting

The Audit and Risk Committee is asked to:

1. Review and comment upon the contents of the mid-year update regarding the Council's Annual Governance Statement for 2021-22 and in particular the information provided about actions and improvements made so far during 2022-23.

1.0 Purpose

- 1.1 That Councillors review and comment upon the content of the mid-year Annual Governance Statement (AGS) for the year 2021-22 and in particular the information provided about actions and improvements made so far during 2022-23.
- 1.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2015, to produce an Annual Governance Statement to be included in the annual statement of accounts, which is signed by the Leader of the Council and the Chief Executive. Mid-year reports are produced in order to give assurance to Councillors on the direction of travel.
- 1.3 This report is intended to provide an update on the progress of the issues raised in the AGS for 2021-22, and any other significant matters that may have arisen.

2.0 Background

- 2.1 The AGS draws upon the management and internal control framework of the Council, especially the work of internal and external audit and the Council's risk management arrangements. In compiling the AGS assurance is obtained from a range of sources in order that the signatories to the statement can assure themselves that it reflects the governance arrangements for which they are responsible.
- 2.2 The update below identifies a significant amount of work that has and continues to take place, and which contributes to the Monitoring Officer's confidence that the Council is operating good governance arrangements. Since the last AGS was approved by the Committee in July 2022 external auditors have also concluded their work in relation to the Audit of the Council's accounts for 2021-22 and anticipate producing an unqualified opinion, and carried out an additional piece of work into the Civic Halls project.
- 2.3 The AGS identified the following areas which required additional measures to be started or continued, over and above the Council's usual governance framework, for effectiveness to be assured:
 - **MTFS** – Cabinet in October 2022 received the proposed approach to the MTFS and budget for 2023-24, it is anticipated that the Council will be able to set a balanced budget for 2023-24. Work continues towards ensuring that the Council addresses the budget deficit over the medium term.
 - **Procurement and Contract Monitoring** – In July 2022 Council endorsed the report and Action Plan prepared by the Wolverhampton Pound Select Committee. The Action Plan sets out 20 recommendations to ensure inclusivity, equality and value for money, and to make sure that all contracts reflect the Council's values in areas such as climate change, diversity, and retaining and growing local wealth. In relation to the Procurement Bill specifically mentioned in the AGS, this is currently going through Parliament

but is not yet in its final stages. Government has advised that it will give a minimum of 6 months' notice before "go live" which will give the Council time to respond to the changes necessary to its rules and procedure.

A detailed report on the improvements taking place on contract management and procurement was taken to the Council's Resources and Equality Scrutiny Panel on 13 October 2022. The Council has had a peer review exercise to assess the level of readiness for the changes, in which the Council scored the highest among the cohort for the Pipeline work being undertaken. The presentation given also updated on the training of staff in contract management and developing a streamlined contract process.

- **Civic Halls** – Since the AGS in July 2022 the Civic Halls project has been the subject of a number of further reports and meetings including a report to Cabinet in September 2022, a report to Scrutiny Board in October 2022 and a detailed report on the project to the Audit and Risk Committee in November 2022.

In addition, external auditors have concluded their work on the project and have concluded that whilst it has been a challenging project there have been no failings by the Council which have led to the delay/budget increase which have taken place.

Critically the Civic Halls have now been handed over to the operator, AEG, and a series of opening events have been scheduled for the formal opening in June. AEG are currently working on their arrangements for the opening of the venue including recruitment of staff and the fitting out of the bars.

- **Implementation of Special Educational Needs and Disability (SEND) reforms** – this is being tackled through additional ring-fenced funding approved by Council in early 2022, and the Written Statement of Actions (WSoA) and proposals for implementation are being monitored by a newly formed Cross Party Scrutiny Review Group which sits under the Children and young People Scrutiny Panel. The Panel held its first meeting in September 2022 and second in November 2022. Since the WSoA there have been two monitoring visits by DfE, the last in November 2022, and on both occasions the Council was found to have in place effective strategic leadership, partnership working and co-production to support the actions.
- **Strategic Asset Plan** – in line with the commitment in the AGS preparatory work has been taking place to produce a new Strategic Asset Plan, with a view to the formal plan being approved in 2023.
- **General compliance with rules (Information Governance) including avoiding errors** – the Information Governance team have introduced 5 new

policies (to replace the previous 19) which reflect changes to legislation and working practices. Improvements have also been made which address document duplication and consistency in formatting and approach. The changes are being followed up with training which all staff are required to undertake.

Further proposed actions to mitigate risks are identified in the Strategic Risk Register which includes rolling out more specialist training to certain staff, creating more detailed procedures and guidance and collaborating with Audit Services on reporting functions and compliance assurance. A detailed update was given to the Governance and Ethics Committee on 12 January 2023, this included details of the levels of compliance and matters reported to the Information Commissioners Office.

- **Individual occasions of non-compliance with rules (publication of certain Council decisions in error)** – The Individual Executive Decision Notice process has been updated and shared with relevant officers, and an internal audit review of the process has now taken place and found substantial assurance.
- **Review of Linked Bodies** – significant work continues to take place on a regular basis, as set out in the AGS, to provide assurance on the work and performance of bodies the Council owns or has potential liability for and to ensure that there is good governance in respect of these other bodies – the most relevant bodies are listed in the AGS.

A review is currently being undertaken of these CWC linked bodies to ensure they align with the Council's new Code of Practice on Governance of Council involvement in linked bodies approved by the Governance and Ethics Committee in November 2022. This and other regular monitoring of these bodies gives no cause for concern, indeed it indicates that there is good governance in place for each of these bodies.

- **Wolverhampton Homes is the Council's Arm's Length (Housing) Management Organisation (ALMO)** and is a company wholly owned by the Council. The control of the ALMO is through the Board which has representatives drawn from 1/3 council, 1/3 tenants and 1/3 independent. There is a Management Agreement between the Council and Wolverhampton Homes which sets out the contractual and governance arrangements between the parties. The contract with Wolverhampton Homes is due to expire in 2028 and Council will be updated in relation to its continuation. The Management Agreement has recently been reviewed to identify where clarification of the responsibilities and rights of each party might be needed when the opportunity arises to make changes. This is scheduled to be reported to the Residents, Housing and Communities Scrutiny Panel in March 2023.

- **City of Wolverhampton Housing Company Limited (“WV Living”)** – this is a wholly owned trading company set up under the powers in the Local Government Act 2003 and is focused on developing properties within the City to meet the Council’s aspirations in terms of available housing. There is a shareholder agreement in place between the Council and WV Living with WV Living’s Business Plan having to be approved by the Council and compliance with that business plan being monitored by the Council. The accounts for WV Living have recently been audited and the auditors’ opinion for 2021-22 which is without any qualification.
- **Yoo Recruit Limited** – this is a wholly owned trading company set up under the powers in the Local Government Act 2003 and provides staffing to the Council and other bodies. The overall operation is in the process of being reviewed. The company’s accounts are audited separately by external auditors and their opinion for 2021-22 is without any qualification.
- **Help 2 Own** – this is a limited liability partnership that was jointly established with the West Midlands Combined Authority in 2021 to pilot an affordable housing product that helps to address the issue that many potential buyers who are in work have in raising the deposit to secure a mortgage. This is the subject of a number of legal agreements which sets up the contractual and governance arrangements between the relevant parties. The operation and governance of Help 2 Own continue to be reported on regularly to Cabinet member and the Leader of the Opposition.
- **Redesign of Adult Services** – The Council agreed with the Department of Health to be one of a handful of early adopters of legislative reforms which would require Councils to broker all care for those with an assessed need if requested. Funding was considered and approved by Council in May 2022 for the new operating model including methods of managing demand which was due to start in 2022. The Government subsequently delayed reforms to October 2025 “to allow local authorities to provide more care packages”, so the proposed changes are on hold.

2.4 The following updates are also provided in relation to other matters of significance which have arisen during this interim period:

- **Special Severance Payments** – new rules including approval procedures have been developed following the statutory guidance on the making and disclosure of such payments by local authorities.
- **Corporate Code of Governance** - the Council has updated its Local Code of Corporate Governance in line with the latest principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government, this was adopted by Council at its meeting on 12 September 2022.

- **Code of Practice on Governance of Council involvement in linked bodies** – guidance was introduced to help employees and others in relation the law, the way in which the Council wishes to organize its company interests and how those interests should be governed according to a set of principles, this was approved by the Council’s Governance and Ethics Committee at its meeting on 25 November 2022.
- **Exempt reports** - new guidance to officers on exempt reports (including the process to be followed) has been produced to ensure that it is only used in limited circumstances.
- **Procedural and other changes to the Constitution** – various changes to the Constitution continue to be made in relation to the procedure and administration at meetings (questions by members of the public, motions, voting, ordinary and other meetings, the report of the Leader and right of reply, extensions of time, voting) and clarifications made on Councillor Conduct. Work will shortly be concluded on officer delegation.

3.0 Progress, options, discussion

- 3.1 Progress on the implementation of the actions required in the key areas will be monitored and reported to the Audit and Risk Committee, where appropriate, during the year.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. [CN/16012023/J]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. [DP/17012023/A]

6.0 Equalities implications

- 6.1 Whilst there are no direct equalities implications arising from the recommendation in this report there are a number of equalities issues that are addressed in the relevant reports for each of the activities taking place.

7.0 All other implications

- 7.1 There are no other implications arising from the recommendation in this report.

8.0 Schedule of background papers

- 8.1 Appendix 1 - Annual Governance Statement 2021-22.

Annual Governance Statement 2021-2022

Scope of Responsibility

The City of Wolverhampton Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. 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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has a Local Code of Corporate Governance, which is currently under revision in line with the latest principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. The latest principles have been adopted in this statement.

The Council is also responsible for the strategic management and administration of the *West Midlands Pension Fund* with the Council's Chief Executive, Monitoring Officer and Section 151 Officer holding specific responsibilities for supporting both the members of the Pensions Committee and the Local Pension Board in their role.

The Council has a number of bodies that it either owns or has a potential liability for. This statement also covers the approach taken in relation to these and specifically covers how the Council ensures that there is good governance in respect of these other bodies – the most relevant bodies are listed below:

- *Wolverhampton Homes* is the Council's Arm's Length (Housing) Management Organisation (ALMO) and is a company wholly owned by the Council. The control of the ALMO is through the Board which has representatives drawn from 1/3 council, 1/3 tenants and 1/3 independent. There is a Management Agreement between the Council and Wolverhampton Homes which sets out the contractual and governance arrangements between the parties, performance of the agreement with Wolverhampton Homes is regularly monitored. The agreement with Wolverhampton Homes is due to expire in 2028 and the agreement and compliance with it is subject to a detailed review by the Council in 2022 to ensure that it remains fit for purpose as there is a break clause in the agreement in 2023.
- *City of Wolverhampton Housing Company Limited* – this is a wholly owned trading company set up under the powers in the Local Government Act 2003 and is known as WV Living focused on developing properties within the City to meet the Council's aspirations in terms of available housing. There is a shareholder agreement in place between the Council and WV Living with WV Living's Business Plan

having to be approved by the Council and compliance with that business plan being monitored by the Council. The approach to WVL Living was reviewed in 2020 and changes made as a result, the effectiveness of the governance arrangements continues to be closely monitored by the Council.

- *Yoo Recruit Limited* – this is a wholly owned trading company set up under the powers in the Local Government Act 2003 and provides staffing to the Council and other bodies. There is a shareholder agreement in place between the Council and Yoo Recruit and the Business Plan has to be approved by the Council and compliance with that business plan being monitored by the Council. As detailed below the operation of Yoo Recruit is being reviewed and a report will be brought to the relevant Committees shortly.
- *Help 2 Own* – this is a limited liability partnership that was jointly established with the West Midlands Combined Authority in 2021 to pilot an affordable housing product that helps to address the issue that many potential buyers who are in work have in raising the deposit to secure a mortgage. This is the subject of a number of legal agreements which sets up the contractual and governance arrangements between the relevant parties.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of risk management and internal control are based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the annual report and statement of accounts.

The Council's Our City Our Plan is structured around six priorities which are supported by three cross cutting principles as follows:

OUR CITY: OUR PLAN

Working together to be a city of opportunity, a city for everyone and deliver our contribution to Vision 2030

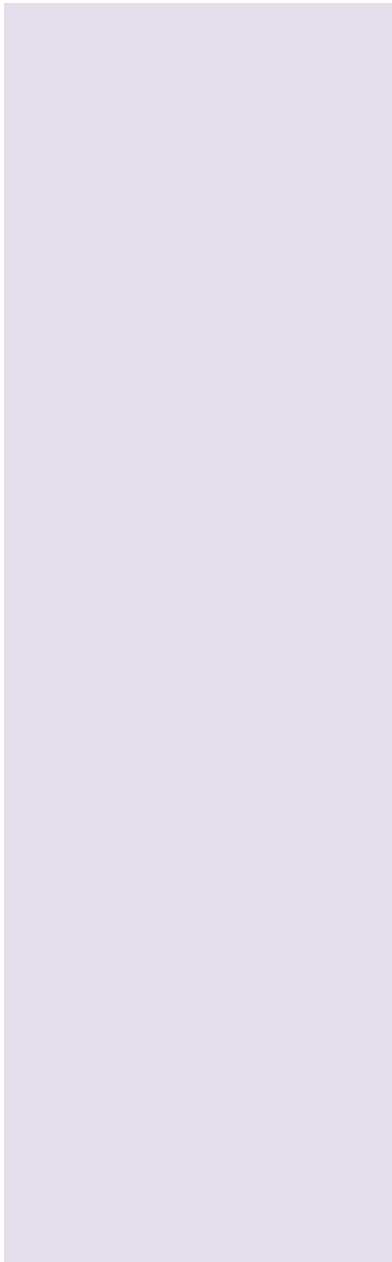


These priorities and principles are underpinned by the governance environment. This environment is consistent with the core principles of the latest CIPFA/ SOLACE framework. In reviewing the Council's priorities and the implications for its governance arrangements, the Council carries out an annual review of the elements that make up the governance framework to ensure it remains effective.

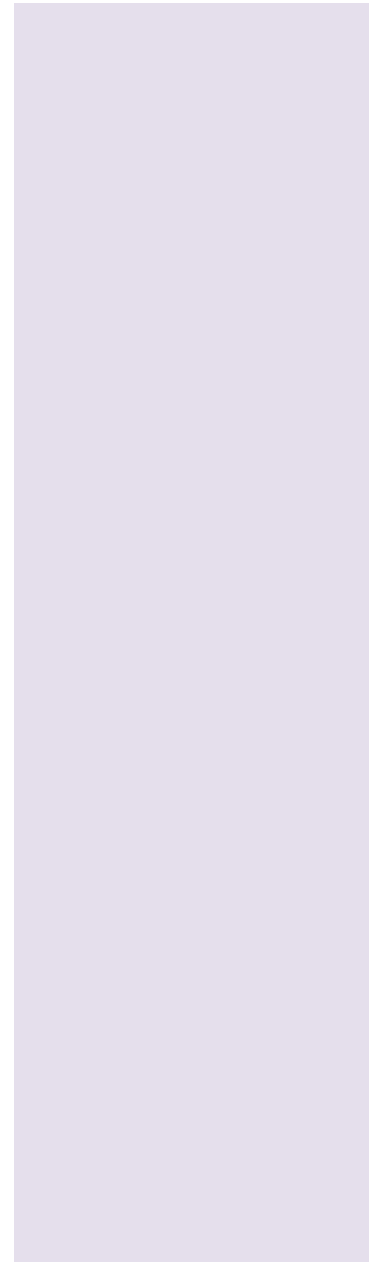
The key elements of the systems and processes that comprise the Council’s governance framework, and where assurance against these is required, are described below.

Core principles of the CIPFA/ SOLACE framework	Assurances required	Governance framework providing assurance	Review of Effectiveness	Issues identified
<ul style="list-style-type: none"> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. Ensuring openness and comprehensive stakeholder engagement. Defining outcomes in terms of sustainable economic, social, and environmental benefits. Determining the interventions necessary to optimise the achievement of the intended outcomes. Developing the entity’s capacity, including the capability of its leadership and the individuals within it. Managing risks and performance through robust internal control and strong public financial management. Implementing good practices in transparency, reporting, 	<ul style="list-style-type: none"> Delivery and communication of an agreed corporate plan Quality services are delivered efficiently and effectively Clearly defined roles and functions Management of risk Effectiveness of internal controls Compliance with laws, regulation, internal policies and procedures Value for money and efficient management of resources High standards of conduct and behaviour Public accountability Published information is accurate and reliable Implementation of previous governance issues 	<ul style="list-style-type: none"> The Constitution Statutory Chief Officers (Head of Paid Service, Chief Financial Officer and Monitoring Officer) Council, Cabinet and Committees Audit and Risk Committee Scrutiny function including use of Select Committee where appropriate for a detailed look at an area of importance Governance and Ethics Committee Internal and External Audit Strategic Executive Board Directors Assurance Statements Corporate and Business plans Medium Term Financial Strategy Strategic Risk Register Codes of Conduct Whistleblowing and other anti-fraud related policies Financial and Contract Procedure Rules Our People Strategy HR policies and procedures 	<ul style="list-style-type: none"> External Audit Report to Those Charged with Governance (ISA 260) Report – unqualified opinion Annual Internal Audit Report - unqualified opinion Annual Audit and Risk Committee Report to Council Annual Statement of Accounts Local Government Ombudsman Report Scrutiny reviews Annual Governance Statement – including the follow up of previous year issues Reports from regulatory bodies including Ofsted 	<ul style="list-style-type: none"> Effectiveness of the area in implementing the disability and special educational needs (SEND) reforms as set out in the Children and Families Act 2014 - through Ofsted report from November 2021 – this is being tackled through a written statement of actions that is being carefully monitored by the Council Individual occasions of non compliance with rules – including: <ul style="list-style-type: none"> i) Some issues regarding information governance due to individual error ii) Some issues regarding publication of certain Council

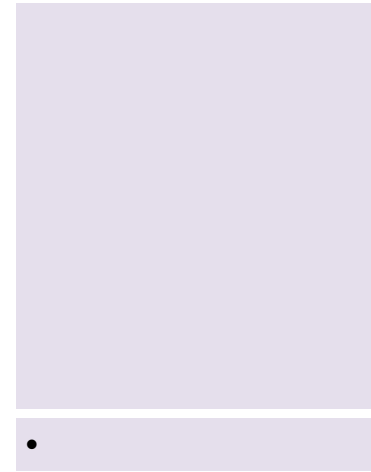
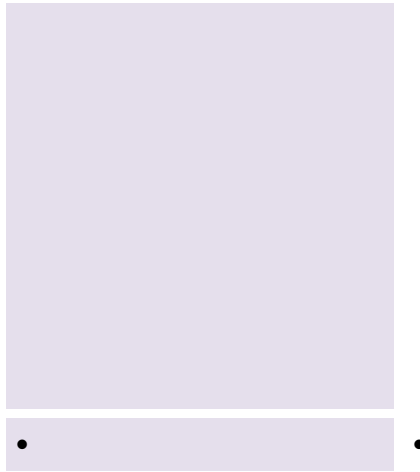
and audit to deliver effective accountability.



- modern.gov (the council's committee management information system)



- decisions again due to individual error
- Review of Linked Bodies Governance – there have been a number of examples nationally of bodies linked to authorities failing and therefore we will review the Council's governance of all linked bodies and report back on this to the relevant committees to ensure that we continue to have good governance in place.
- Adult services - A planned redesign of Adult Services is underway and the vision and direction has been agreed and incorporates the legislative change outlined in the Health and Social Care White Paper which requires the local authority to broker all care for those with an assessed need if



requested i.e. any self funders who want the LA to source their care at the fair cost of care rate. A new operating model and improved methods for managing demand and front door contact will be implemented.

The Council has self-assessed itself against the new Financial Management Code, which includes the following core principles by which local authorities should be guided in managing their finances:

- Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – financial management is based on medium-term financial planning, which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported with appropriate frequency and with evidence of periodic officer action and elected member decision making.
- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management and include political scrutiny and the results of external audit, internal audit and inspection.
- The long term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

The self-assessment found the Council to be in compliance with the Code. However, there were a limited number of matters where areas for improvement were identified. As a result of this, an action plan has been prepared and its implementation is being monitored. The results of the ongoing exercise will be reported to the Audit and Risk Committee as appropriate.

Covid-19 Considerations

Covid-19 Considerations

“In 2021-2022 the Council, as with all other local authorities, continued to adapt the ways in which it worked to address Covid-19 not only in terms of ensuring that the City’s vulnerable residents have been supported alongside its businesses, but also in the way it operates, including its governance arrangements.

The Coronavirus Act 2020 and associated regulations permitted the Council to hold its meetings remotely, which it did until early May 2021 when the law changed. From that point meetings returned to the Council’s usual “in person” arrangements, with social distancing measures in place when necessary and in accordance with Government Guidance and careful consideration fo appropriate Health and Safety measures. Both types of meeting enabled the Council to make effective and transparent decisions on delivery of its services and ensured that democracy continued to thrive whilst keeping Councillors, staff and members of the public safe.

There was no interruption to the decision-making process and the emergency powers provisions of the Constitution (which were relied on heavily the previous year) were used only twice.

At all times the approach of the Council has been informed and shaped by advice from the Director of Public Health and key partners to ensure that the Council as had the most effective response possible to the pandemic. As part of the governance process key areas of concern have been able to be fed up through the mechanisms set out in the Governance Structure to a regional and national level.

The Review of Effectiveness

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review is informed by the work of councillors and senior officers within the Council who have responsibility for the development and maintenance of the governance framework including Internal Audit's annual report, the Scrutiny function and also by reports made by the Council's external auditors and other review agencies and inspectorates. The above table helps illustrate this framework, where assurance is provided and the processes through which the effectiveness of these arrangements are reviewed.

Opinion for 2021-2022

The review of effectiveness has found the arrangements for the governance framework to be fit for purpose.

A key component of the review of effectiveness is through the work of the Council's Audit and Risk Committee and during the year the Committee continued helping to ensure that the Council had a modern, effective and risk focussed Committee. During the year they:

- Maintained the focus of the Committee on the Council's risk management arrangements (including during the Covid-19 pandemic), gaining an increased assurance that the Council was managing its risks well.
- Maintained a strong working relationship, through regular progress meetings, with the Council's External Auditors Grant Thornton, the Internal Auditors and Senior Officers. There was also further engagement with Grant Thornton, through regular consideration of their informative Audit Committee Update publications at Committee meetings.

Internal Audit

Internal Audit has reviewed itself against the governance arrangements set out in the CIPFA Statement on the Role of Head of Internal Audit and the Council is able to confirm that the arrangements conform to these requirements. The Council is also able to confirm compliance with the Public Sector Internal Audit Standards.

Internal Audit has concluded that based on the work undertaken during the year on areas of key risk, including the implementation by management of the recommendations made and the assurance made available to the Council by other providers as well as directly by Internal Audit, it can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes.

Managing the risk of Fraud and Corruption

With regards to the latest CIPFA Code of practice on managing the risk of fraud and corruption - having considered all the principles, the Council is satisfied that it has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. The activities undertaken in this area were primarily led during the year by the Audit and Risk Committee.

Opportunities for concerns to be raised

The Council is committed to upholding the highest standards of conduct and ethics, alongside its own Whistleblowing Policy, it has entered into the following arrangements in order to help enhance the opportunities available for anyone wishing to raise any concerns with the Council:

- A safe space run by SeeHearSpeakUp who provide an external and independent confidential reporting service for employees to report any serious concerns about any aspects of the Council's work. The site can be accessed at any time via a link on the City People homepage. Employees who have serious concerns about any aspect of the Council's work, can choose to come forward and voice those concerns in a safe and secure environment, in the knowledge that they will be taken seriously, and concerns will be investigated appropriately. Senior council officers who have been trained by SeeHearSpeakUp consider the concerns and identify any potential investigation and provide governance and assurance on all safe space matters disclosed with a view to safeguarding, consistency, equality and fairness.
- The Council also has a support arrangement with Protect (formerly Public Concern at Work), the whistleblowing charity and leading authority on whistleblowing in the UK. This arrangement gives access to Protect's Whistleblowing benchmark and diagnostic tools across key areas including governance, staff engagement and operations.

CIPFA's Statement on the Role of the Chief Financial Officer in Local Government

The role of the Council's Section 151 Officer has been assessed against the CIPFA Statement and found to be compliant.

West Midlands Pension Fund

The West Midlands Pension Fund has completed its own "Assurance Framework – Supporting the Annual Governance Statement" which identified that there had been no adverse matters arising from the work behind their assurance framework.

Wolverhampton Homes

The Council's internal auditors also provide the internal audit service for Wolverhampton Homes. They were able to provide reasonable assurance that the Company had adequate and effective governance, risk management and internal control processes, and this was reported through their Audit and Business Assurance Committee. As detailed above the agreement with Wolverhampton Homes is due to expire in 2028 and the agreement and compliance with it is subject to a detailed review by the Council in 2022 to ensure that it remains fit for purpose as there is a break clause in the agreement in 2023.

WV Living

WV Living's accounts are audited separately by external auditors and an unqualified opinion was provided on the accounts for 2020-2021, a copy of which will be published on the Council's website. .

Following on from the review of WV Living in 2020-2021 a number of changes that were made to the way in which the Council and WV Living interacted with during 2020-21 the way in which the Council and WV Living interact has been carefully considered by the Council and as a result a number of changes have been/are being made, these include:

- Appointment of non-executive director to the board of WV Living with considerable Housing experience
- Production and approval of a new business plan for WV Living and regular reviews and reports on the compliance with that business plan taken both to the Council's political and officer leadership and also to the Council's Shareholder Board for WV Living
- Strengthening of the Council's Shareholder board –ensuring that clear objective advice is provided to the Shareholder Board by Council officers including the S.151 officer and the Monitoring Officer

It is the Council's clear view that there is an appropriate level of oversight on WV Living and the Council notes that it remains a going concern and the substantial reduction in the level of borrowing that WV Living has with the Council, which at the time of the writing of the statement was approximately £5 million, importantly the level of assets that WV Living holds are substantially in excess of its liabilities to the Council.

Yoo Recruit

Yoo Recruit's accounts are audited separately by external auditors and an unqualified opinion was provided on the accounts for 2020-2021, a copy of which will be published on the Council's website .

An internal review of the Council's approach and need for Yoo Recruit has been carried out and will be reported to Cabinet and the relevant Scrutiny Panel, namely Resources and Equalities Panel, later in 2022, subject to the decisions made by Councillors Yoo Recruit will update their business plan and additional formal governance measures will be agreed. Currently Yoo Recruit's performance is reviewed by officers and reported to cabinet members and the leader of the opposition through the regular monitoring of linked bodies.

Help 2 Own

Help 2 Own was only established in 2021. The Council and the WMCA instructed and obtained detailed external advice in order to ensure that the arrangements are fit for purpose and will protect the interests of each body and deliver the proposed outcomes. The partnership is subject to external audit. This will provide assurance that the partnership has adequate and effective governance, risk management and internal control processes. A review of the way governance works for all linked bodies including Help 2 Own will be carried out in 2022/23 and will be reported to the relevant Committees including Audit and Risk Committee.

The operation and governance of Help 2 Own continues to be reported on regularly to Cabinet members and the Leader of the Opposition.

Key changes to the governance framework during the year

During 2020-21 a full review was carried out of the Council's constitution and decision making in the Council. As a result a number of changes were developed and recommended to be made at the annual general meeting in May 2021 and May 2022. Throughout the year further work has been undertaken to update and improve key parts, and to create related documents which aim to provide further clarity to Councillors and officers. This includes the following changes adopted by Council:

- Revisions to the Scrutiny Approach to ensure that Scrutiny is more focused on the Council's performance against its Our City Our Plan adopted in March 2022 and that there is greater focus on strategic matters by the Council's primary Overview and Scrutiny Committee (the Scrutiny Board) – with regular performance/financial updates being provided to the Scrutiny Board and more detailed consideration by the relevant Scrutiny Panel, on a “hub and spoke” approach
- Revisions to Council Procedure Rules
- Updated Employee procedure rules
- Adoption of the the LGA Model Code of Conduct

Further changes continue to be worked on as the constitution is a living document and should be changed whenever necessary this includes an updated scheme of officer delegation that will be brought forward shortly, these updates will be proposed to the Council in 2022/23..

Work continues in relation to supporting Councillors through to the Councillor Induction and Development programme (introduced last year) which has been updated and expanded to include additional support on key issues affecting the Councillor role, as well as guidance on leading within the rules and clarification around expected standards of behaviour.

Regular briefings continue to take place of all cabinet members, opposition leader/deputy leader and chairs of panels ensuring that there is proactive information provided and discussion on key issues, risks and matters. As part of this regular briefings are given on the risks and issues in relation to the Council owned bodies and the steps taken to address any risks. As part of this work a review has also taken place of the lessons learned in other authorities in governance terms following a number of Public Interest/Best Value Reports. This has led to additional assurance work being carried out that has provided re-assurance that governance arrangements are fit for purpose in the Council. Indeed the relevant Scrutiny Panels will be receiving reports on the governance arrangements in place for specific Council owned bodies/those that the Council has potential liability for, for example through guarantees or other arrangements as well as reports on the overall approach to monitoring arrangements for such bodies.

Progress on the Governance Issues from 2020-2021

The table below describes the governance issues identified during 2020-2021 and the progress made against these during 2021-2022.

2021-2022 - Key areas and actions for implementation	Mid -year update to Audit and Risk Committee – December 2021	Latest update as at June 2022
<p>Savings Targets</p> <p>In March 2021 the Council approved a balanced budget for 2021-2022 without the use of general reserves.</p> <p>It is important to note that the financial implications of the pandemic have significantly distorted the budget and Medium Term Financial Strategy. Current projections indicate that having taken into account additional government grant, there is a net cost pressure of over £6 million in 2021-2022 as a result of Covid. In order to set a balanced budget, this cost pressure has been met from other efficiencies identified across the Council. During 2021-2022 work will continue to monitor the financial impact of Covid to both inform the in year budget position and to inform medium term forecasts. Looking forward it is estimated that further savings of £25.4 million are required in 2022-2023 rising to £29.6 million in 2023-2024 in order to set balanced budgets. These forecasts take into account the potential ongoing impact of Covid in addition to the underlying budget pressures that face the Council.</p> <p>In addition to the impact of Covid, there continues to be significant uncertainty about future funding streams for local authorities. At the time of writing it is unclear when the Government will undertake the Comprehensive Spending Review, Fair Funding Review, Business Rates Reset and Business Rates Retention Review.</p> <p>Work has started to address the budget deficit over the medium term and updates will be brought to Cabinet throughout the year.</p>	<p>Cabinet in October 2021 received the proposed approach to the MTFS and budget for 2022-23, it is anticipated that the Council will be able to set a balanced budget for 2022-23. Work continues towards ensuring that the Council addresses the budget deficit over the medium term.</p>	<p>In March 2022 the Council approved a balanced budget for 2022-2023 without the use of general reserves.</p> <p>The report to Council noted that the Council is now faced with finding further projected budget reductions estimated at £12.6 million in 2023-2024, rising to £25.8 million over the medium-term period to 2025-2026.</p> <p>The level of uncertainty over future funding levels continues to be a significant risk. A prudent approach has been taken to forecasting resources over the MTFS period and all assumptions were detailed in the report to Council.</p> <p>There are also a number of significant risks and uncertainties in relation to the cost of services including rising inflation, the impact of the cost of living on residents and adult social care reform.</p> <p>Work to develop budget reduction and income generation proposals for 2023-2024 onwards in line with the Five Year Financial Strategy has started with an updates on progress will be brought to Cabinet throughout the year.</p>
<p>Procurement</p> <p>In December 2020 the Government published a Green Paper on 'Transforming public procurement' which proposes a</p>	<p>A significant amount of work is taking place to ensure that the Council is ready for changes to the procurement rules and the Council is also working to ensure that it takes the</p>	<p>The Council has published its procurement pipeline in accordance with</p>

NOT PROTECTIVELY MARKED

<p>number of changes which would impact on the Council. Work will be undertaken to monitor the progress of this paper and to respond appropriately to any resulting changes in legislation.”</p>	<p>opportunities that are presented to ensure that as much of its spend, and that of other key partners, is spent within the city, as part of the Council’s key work on Wolverhampton Pound – which is currently being examined by the Council Select Committee.</p>	<p>the statutory requirements. The pipeline will be updated regularly.</p> <p>An action plan has been developed to respond to the recommendations of the Select Committee on Wolverhampton Pound.</p> <p>Procurement Bill is currently progressing through the House of Lords.</p> <p>We understand that it could become law early 2023 with 6 months for us to implement.</p> <p>The Head of Procurement has started work to map across the old to new requirements to enable us to be as prepared as possible for the changes to come.</p>
<p>Contract Management</p> <p>Contract management practises across the Council have been found to be inconsistent. The Council also utilises a contract management system which is a central repository database that has a record of those contracts that have been procured, but not those that have been commissioned locally. Consequently, the Council has decided to transform how contract management is delivered and contracting process are measured to generate economic and efficiency benefits aligned to the Council Plan and other relevant strategies, such as Wolverhampton Pound and Relighting Our City.”</p> <p>The Council plans to have a one council approach to contract management. The intention is to develop a contract management framework, establish external contract management training for officers and procure a contract management software system. The system will provide greater visibility of contract performance and a strategic oversight of contracts. These identified areas will provide a consistent and efficient method where possible and</p>	<p>Contract management training is already underway as is the other work described above. A detailed paper was taken to the Our Council Scrutiny Panel in September 2021.</p>	<p>The Contract Framework and Toolkit has been established to enable a consistent approach to contract management across the organisation.</p> <p>Contract management training has been rolled out with monitoring provided through the LGA and feedback being gathered to help us to ensure that the training is relevant and helpful.</p> <p>The procurement of a new system is currently underway.</p>

<p>contribute to continuous improvement whilst obtaining value for money. These improvements will also prepare the Council in good stead for the forthcoming new procurement regulations as the Government's green paper, 'Transforming Public Procurement', identified contract management and commercial life cycle as key areas which will form part of the new procurement regulations.</p>		
<p>Strategic Asset Plan We have made progress on reviewing and challenging the Council's asset portfolio as part of the Our Assets Programme (formally referred to as Our Space programme), particularly in light of how services will operate moving forward as part of Relighting our City. This has included developing six workstreams Asset Data, Asset Review, Retained Estate, Civic Centre, Surplus Assets and Asset Disposals. The Strategic Asset Plan and Action Plan will be updated following completion of this programme.</p>	<p>Work continues in relation to strategic asset plan. A detailed paper was taken to the Our Council Scrutiny Panel in September 2021 on Our Assets programme and an update on Relighting Our Council in November 2021.</p>	<p>City Assets are currently undertaking a full review of the Strategic Asset Plan over the course of 2022/23 financial year to allow for this to be reviewed and adopted in advance of the current plan expiring in 2023.</p> <p>Following the Covid pandemic, several workstreams have been undertaken and now concluded (including Relighting Our Council) and the new plan will reflect the updated approach to asset management as required to meet the ongoing and future needs of the Council and the City in line with the Council plan.</p>
<p>Civic Halls Delivery of the Civic Halls in accordance with any set budget and in line with the set timeline will continue to be closely monitored by the Council throughout, and the Council will ensure that the contracts in place are complied with.</p>	<p>A detailed update on the Civic Halls project was provided to the Audit and Risk Committee in December 2021.</p>	<p>As the project nears completion a significant amount of work is taking place to ensure that the contracts that the Council has in place with its contractors are being met and appropriate advice has and continues to be taken on those contracts.</p> <p>Officers are working closely with advisors to ensure that any budget set is complied with and that regular updates on progress are provided to appropriate persons including the Audit and Risk Committee.</p> <p>A further detailed report will be brought to Audit and Risk Committee shortly and a</p>

		site visit of the project has been arranged for the Committee in June 2022.
<p>Constitution Review Conclusion Completion of the review of the constitution including revision of financial procedure rules, employment procedure rules, officer delegation and adoption of a new Corporate Code of Governance.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 23</p>	<p>A number of revisions were taken to the Governance and Ethics Committee and to Council in early 2021. Work has continued preparing further updates and improvements to key parts as noted previously, and additional related documents (such as procedures and guidance which sit outside the Constitution). Regular updates should be expected throughout 2022/23 to make the Constitution, and the Council's procedures, more concise so that the decision-making processes can be understood by all.</p>	<p>Further revisions have been taken to the Governance and Ethics Committee and Council in 2022. These include revisions to the employment procedure rules and a number of other amendments to the constitution including a re-focusing of the role of scrutiny to more clearly focus on performance and our City our Plan.</p> <p>The new Corporate Code of Governance is due to go to the meeting of the Governance and Ethics Committee on 7 July 2022.</p> <p>A new scheme of delegations has now been drafted and is being checked to ensure that it is appropriate and will be brought to a meeting of the Council in the autumn.</p>

Action Plan for the Significant Governance Issues identified during 2021-2022 which will need addressing in 2022-2023

Based on the Council's established risk management approach, the following issues have been assessed as being key for the purpose of the 2021-2022 annual governance statement. Over the coming year appropriate actions to address these matters and further enhance governance arrangements will be taken.

2021-2022 Key areas and actions for implementation	Responsibility and expected implementation date
<p>MTFS – In March 2022 the Council approved a balanced budget for 2022-2023 without the use of general reserves. The report to Council noted that the Council is now faced with finding further projected budget reductions estimated at £12.6 million in 2023-2024, rising to £25.8 million over the medium-term period to 2025-2026.</p> <p>The level of uncertainty over future funding levels continues to be a significant risk. A prudent approach has been taken to forecasting resources over the MTFS period and all assumptions were detailed in the report to Council.</p> <p>There are also a number of significant risks and uncertainties in relation to the cost of services including rising inflation, the impact of the cost of living on residents and adult social care reform.</p> <p>Work to develop budget reduction and income generation proposals for 2023-2024 onwards in line with the Five Year Financial Strategy has started with an updates on progress will be brought to Cabinet throughout the year.</p> <p>Work will also be undertaken to update the Council’s Capital strategy including our proposed approach to the use of capital resources and other financial solutions and a framework of delivery models that the Council will consider/favour</p> <p>– do we also cover including regular reporting back on critical asset projects and methods for doing that?]</p>	<p>March 2023 - Director of Finance</p>
<p>Procurement and Contract Monitoring</p> <p>The Select Committee on Wolverhampton Pound made a number of recommendations these will be considered by Council in July 2022 and will need to be implemented by Council.</p> <p>The new Procurement Bill is currently going through the House of Lords. We understand that it could become law in early 2023. There could be significant changes for the authority and we will continue to prepare in order that we can have a smooth transition.</p>	<p>March 2023 - Director of Finance</p>
<p>Adult services - A planned redesign of Adult Services is underway and the vision and direction has been agreed and incorporates the legislative change outlined in the Health and Social Care White Paper which requires the local authority to broker all care for those with an assessed need if requested i.e. any self funders who want the LA to</p>	<p>March 2023 - Director of Adult Services</p>

source their care at the fair cost of care rate. A new operating model and improved methods for managing demand and front door contact will be implemented.	
Review of Linked Bodies Governance – we will review the Council’s governance of all linked bodies and report back on this to the relevant committees to ensure that we continue to have good governance in place.	December 2022 – Monitoring Officer
Civic Halls - Delivery of the Civic Halls in accordance with any set budget and in line with the set timeline will continue to be closely monitored by the Council throughout, and the Council will ensure that the contracts in place are complied with.	March 2023 – Director of Regeneration
Compliance with Information Governance/Transparency requirements – ensuring that all relevant staff complete information governance/governance training to provide confidence that the Council will meet all of its legal duties.	December 2022 – Monitoring Officer
SEND – implementation of written statement of actions following on from SEND inspection by Ofsted, detailed in the Ofsted report from November 2021	March 2023 – Executive Director of Families

Future Assurance

Where appropriate, a progress report on the implementation of the above actions from the key areas will be reported to the Audit and Risk Committee during 2022-2023.

Certification

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.



Ian Brookfield, Leader of the Council

Date:



Tim Johnson, Chief Executive

Date:

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