



20 July 2022

AUDIT AND ETHICS COMMITTEE – 28 JULY 2022

A meeting of Audit and Ethics Committee will be held at 6pm on Thursday 28 July 2022 in the Committee Room 1 at the Town Hall, Rugby.

Mannie Ketley
Executive Director

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes.

To confirm the minutes of the meeting held on 30 June 2022.

2. Apologies.

To receive apologies for absence from the meeting.

3. Declarations of Interest.

To receive declarations of:

(a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council's Code of Conduct for Councillors;
and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their non-pecuniary interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a pecuniary interest the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.

4. Pre Audited Statement of Accounts 2021/22 (report to follow).
5. Annual Governance Statement.
6. Internal Audit Progress Update.
7. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972.

To consider passing the following resolution:

“Under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the ground that they involve the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.”

PART 2 – EXEMPT INFORMATION

1. Limited Assurance Internal Audit Report.
2. Whistleblowing Complaints and Response (verbal update).
3. Whistle Blowing Incidents – Standing Item – to receive any updates.
4. Fraud and Corruption Issues – Standing Item – to receive any updates.

Any additional papers for this meeting can be accessed via the website.

The Reports of Officers are attached.

Membership of the Committee: Mr P Dudfield (Chairman), Mr J Eves (Vice-Chairman), Councillors Mistry, Mrs Roberts, Roodhouse and Willis

Named Substitutes: Councillors Mrs A'Barrow, Lewis, Moran and Ms Watson-Merret

If you have any general queries with regard to this agenda please contact Veronika Beckova, Democratic Services Officer (01788 533591 or e-mail veronika.beckova@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

AGENDA MANAGEMENT SHEET

Report Title: Annual Governance Statement

Name of Committee: Audit and Ethics Committee

Date of Meeting: 28 July 2022

Report Director: Chief Officer - Legal and Governance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: None

Prior Consultation: Leadership Team

Contact Officer: Chris Green - Corporate Assurance Manager & Transformation Lead

Public or Private: Public

Report Subject to Call-In: No

Report En-Bloc: No

Forward Plan: No

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

(C) Climate
(E) Economy
(HC) Health and Communities
(O) Organisation

Summary: The report presents the Annual Governance Statement for approval.

Financial Implications: No direct implications.

Risk Management/Health and Safety Implications:	If the AGS is not approved and published the Council may experience reputational damage, adverse media coverage and stakeholder concern.
Environmental Implications:	No environmental implications.
Legal Implications:	There would be a breach of the Accounts and Audit Regulations if the AGS was not published.
Equality and Diversity:	No equality and diversity implications.
Options:	None.
Recommendation:	The Annual Governance Statement for 2021/22 be APPROVED, with or without amendments.
Reasons for Recommendation:	To comply with the requirements of the terms of reference of the Audit & Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 28 July 2022

Annual Governance Statement

Public Report of the Chief Officer - Finance and Performance

Recommendation:

The Annual Governance Statement for 2021/22 be APPROVED, with or without amendments.

1. Introduction

- 1.1 The purpose of this report is to set out an Annual Governance Statement (AGS) for 2021/22, describing the governance arrangements that were in place during the financial year.
- 1.2 The AGS is formally approved by the Leadership Team and signed by the Executive Director and Leader of the Council, who take personal responsibility for the control framework described and for the delivery of the identified improvements to the framework.
- 1.3 The AGS for 2021/22 was drafted by the Corporate Assurance Manager in consultation with the Leadership Team and various managers across the Council.
- 1.4 A copy of the AGS for 2021/22 is appended.

2. Report Details

- 2.1 Corporate governance is defined as the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate lead their communities.
- 2.2 There is a strong correlation between effective governance and effective service delivery and achievement of corporate objectives. To deliver the Council's vision and support the drive for continuous improvement strong governance arrangements need to be in place.
- 2.3 A number of evidence sources were utilised for the purpose of drafting the AGS, including:
 - Consultation with, and assurances provided by, key officers. Each Chief Officer was asked to complete a formal statement declaring that, having

made appropriate enquiries with their officers, the governance arrangements were as stated, and were applied consistently within their service area. Further evidence was provided by various officers across the Council.

- Work undertaken during the year by Internal Audit and other inspection bodies.
- Key corporate documents including the Corporate Strategy, Committee reports, the Annual Audit Letter, the Constitution, the draft financial statements, the Annual Report of the Corporate Assurance Manager, the annual report setting out the Council's achievements, and the officer and member training programmes.
- Cumulative knowledge and experience.

2.4 The Council is satisfied therefore that its overall governance framework provides a **Substantial** level of assurance of effectiveness, although a number of further development areas have been highlighted. Delivery of the Action Plan will be monitored during 2022/23. The full AGS is set out at **Appendix A**.

Name of Meeting: Audit and Ethics Committee
Date of Meeting: 28 July 2022
Subject Matter: Annual Governance Statement
Originating Department: Legal and Governance

DO ANY BACKGROUND PAPERS APPLY **YES** **NO**

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink
Appx A	Annual Governance Statement

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A



Appendix A

ANNUAL GOVERNANCE STATEMENT

2021-22

RIGHT FOR RUGBY



Appendix A

Annual Governance Statement 2021/22

1. SCOPE OF RESPONSIBILITY

- 1.1 Rugby Borough Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards. Public money must be used economically, efficiently and effectively, safeguarded and properly accounted for. The Council must have in place proper governance arrangements and carry out its functions effectively, including suitable risk management arrangements.
- 1.2 The Council must conduct a review, at least once a year, of the effectiveness of its system of internal control and report the findings in an annual governance statement (AGS). The statement must be prepared in accordance with proper practices and be reported to a Committee of Councillors. This document comprises the Council's AGS for 2021/22. This year's statement is written as the country emerges from the COVID-19 pandemic and shows, despite the enormous challenges faced by the Council, the governance framework has again been maintained and enhanced during the year. Sound governance helps the Council deliver on its corporate strategy, specifically the objective to "maintain robust systems of governance that ensure fairness, accountability and transparency".

2. WHO IS RESPONSIBLE FOR ENSURING GOOD GOVERNANCE?

- 2.1 The Council's governance arrangements are overseen by the Audit & Ethics Committee. The Executive Director has overall responsibility for ensuring that effective controls and processes are implemented across the Council and these are regularly reviewed and updated. Regular reports are submitted to the Audit & Ethics Committee highlighting any identified enhancements. The Chief Officer Finance and Performance Officer (s151 Officer) is responsible for ensuring that effective financial controls are in place, for the maintenance of an effective internal audit function and, alongside the Chief Officer Legal and Governance (Monitoring Officer) for reviewing the overall effectiveness of the governance framework. In addition the Leadership Team shares a collective responsibility for sound financial management and governance. The overview and co-ordination of this process is undertaken by the Corporate Assurance Manager.

Appendix A

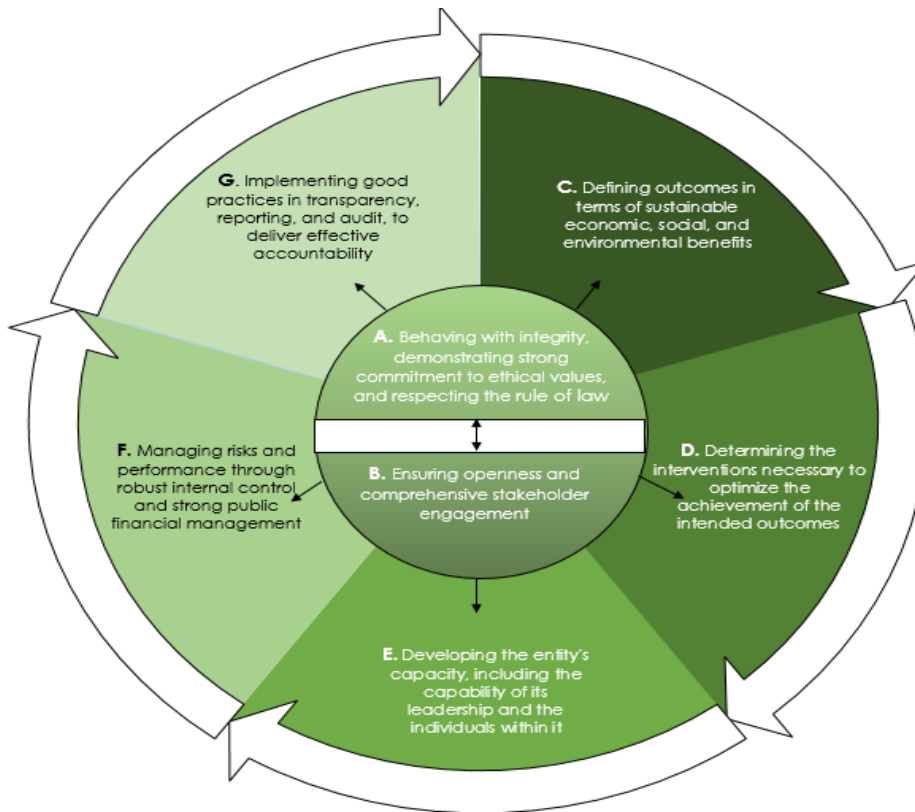
3. WHAT THIS STATEMENT TELLS YOU

- 3.1 This Statement provides a summarised account of how the Council's management arrangements are set up to meet the principles of good governance set out in the Constitution and how assurance is obtained that these are both effective and appropriate. It provides the reader with a clear assessment of how the governance framework has operated over the past financial year, how effective that framework has been in enabling the Council to achieve its objectives, and to identify any improvements made and any weaknesses or gaps in arrangements that need to be addressed. Its main aim is to provide the reader with confidence that the Council is managed effectively and efficiently; that services are delivered in accordance with current legislation, the corporate strategy and in a way that optimises value for money.

4. THE PRINCIPLES OF GOOD GOVERNANCE

- 4.1 The principles of good governance are set out in the CIPFA Framework for Delivering Good Governance in Local Government 2016. The framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. This statement explains how the Council has complied with the framework and meets the requirements of the Accounts and Audit Regulations 2015 (England).
- 4.2 Good governance is dynamic, and the Council is committed to improving its governance on a continuing basis through a process of evaluation and review. The diagram which follows on page 4, taken from the International Framework for Good Governance in the Public Sector, illustrates the various principles of good governance in the public sector and how they relate to each other. At Rugby Borough Council, sound governance is embedded as a priority in the corporate strategy.

Appendix A



Principles A and B permeate implementation of principles C to G

5. THE GOVERNANCE FRAMEWORK

- 5.1 The governance framework comprises the policies, plans, systems, processes, culture and values (the system of 'internal control') that the Council has in place to ensure its intended outcomes for stakeholders and the community are defined and delivered. To deliver good governance objectives must be achieved whilst also acting in the public interest. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 5.2 The governance arrangements are designed to ensure that an appropriate and proportionate approach is taken to managing risk whilst ensuring that objectives are achieved. The governance framework has been in place for the year to the date of approval of this annual governance statement. The arrangements are not designed to eliminate all risks but rather provide a reasonable degree of assurance of effectiveness. The governance framework and an assessment of its effectiveness are set out on the following pages.



Appendix A

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

Arrangements in place

- Member and officer codes of conduct
- Confidential Reporting Code
- Counter Fraud, Bribery and Corruption Strategy
- Fraud Response Plan
- Contract Standing Orders
- Declaration of interests procedure
- Register of interests
- Register of gifts and hospitality
- Customer feedback and complaints procedure
- Equalities & Diversity policy statement
- Register of Equality and Climate Change Impact Assessments
- Information governance framework and security policies in place, and senior information risk owner in post (SIRO).
- Corporate CANDO values and behaviours framework in place which all employees are expected to act in accordance with
- Recruitment/ selection procedures aligned with corporate values
- Customer Care training is mandatory for all staff in accordance with the Council's value of putting "customers first".
- A standard format is in place for 1 to 1 meetings between managers and staff, designed to ensure that the corporate values are embedded and adhered to.
- An online "Praise" system is in place which enables employees who have excelled to receive a praise "badge" in recognition of their contribution.
- The Council participates in the National Fraud Initiative
- Delivery of fraud and corruption awareness training
- Staff required to confirm that they have read and understood the Council's anti-fraud, bribery and corruption arrangements.
- Internal audit plan coverage includes governance and ethics related audits, in line with the Public Sector Internal Audit Standards.
- Any planning applications submitted by staff are reviewed in public
- Agenda management sheets of Council reports include a requirement to highlight the legal implications of decisions
- Records of regulatory training required and undertaken are retained on the Council's HR system
- There is a Warwickshire independent persons panel in place which is available for consultation regarding any conduct related complaints. The group provides advice to the Council on the appropriate course of action to take to address such complaints.
- The Council has implemented arrangements to ensure compliance with the requirements of the Homelessness Reduction Act 2018.
- Financial instructions and regulations in place.
- Shareholders Committee in place to oversee the activity of the Joint Venture trading company.



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- Team meetings and 121s provide an additional opportunity for officers to raise any concerns they may have.

Effectiveness and future developments

Implementation of the Counter Fraud Strategy and Fraud Response Plan has led to a more consistent approach to investigation of irregularities across the Council and improved awareness amongst staff. Furthermore, dedicated time is set aside within the internal audit work plan to ensure that resources are available to thoroughly investigate any allegations and to enable proactive risk-based testing to be conducted during the year. Counter Fraud, Bribery and corruption awareness training has been delivered to all managers and to members. Training is also being delivered to individual teams on a rolling basis; owing to the Covid pandemic this training was not delivered during 2021/22 but the rolling programme will be recommenced face to face for 2022/23. A review of fraud risks and mitigating controls across all Council departments was completed in 2021/22 and resulted in a substantial level of assurance. The Council's approach to assessing fraud risks, and its fraud awareness training arrangements, were recognised and published in 2018 as examples of best practice in Local Government. A formal strategy review and update will be completed in 2022/23, and the Council's arrangements will be subject to an independent external review. **See Action 5.**

Rolling licensing committee training has been provided to members leading to a clearer evaluation of prosecution cases. The Council has invested in the provision of enhanced regulatory training to planning committee members leading to a greater awareness and understanding when making decisions, and a reduction in appeals.

The COVID-19 pandemic led to a step change in agile working, with technological developments enabling many employees to work effectively away from the office. This was a step change in the Council's way of working and digital means enabled Council services to continue being effectively provided during the pandemic. Council policies reflect the increasing number of agile workers. The Agile Working policy enables the benefits of remote and hybrid working to continue post pandemic, with a consistent framework in place for managing such arrangements.

Following a restructure of the Leadership Team, financial approval limits were updated and a new scheme of delegation was developed and approved for the Council in December 2021. Furthermore, following publication of a new Local Government Association Code of Conduct, the Council is reviewing its recommendations and developing its own new Code of Corporate Governance (Internal Constitution), along with supporting guidance for officers and members. This will set out in more detail how the Council applies its Constitution in practice. Furthermore, members and key officers will also be provided with Corporate Governance training. **See Action 2.**

The Corporate Assurance and Improvement team conducted a review of the various working groups, project groups (Squads) and Committees in place across the Council. This considered the terms of reference/ remit for each group and identified areas of overlap/ duplication. The newly formed Management Team has been tasked with overseeing the work of the various groups and ensuring their effectiveness.

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The Council has developed new financial regulations and updated its financial instructions during the year. These were formally approved and cascaded to officers in December 2021. The instructions are mandatory and compliance will be monitored. Following the introduction of the CIPFA Financial Management Code, a detailed self assessment has been carried out with support from the Corporate Assurance Manager & Transformation Lead. An action plan was developed, endorsed by the Leadership Team and reported to the Audit & Ethics Committee, which will oversee delivery. **See Action 3.**

During the annual canvass, between July and November 2021, over 50,000 properties were contacted in the Borough to ensure that elector details were accurate and up to date. The annual electoral register was published on time on December 1 2021, as legally required.

PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

Arrangements in place

- The Council publishes a range of information including meeting agendas and reports, financial and procurement data, invitations to tender, senior officer salaries, the contracts register, annual governance statement and financial statements, corporate performance information, planning applications and decisions, delegated decisions and section 106 agreements.
- Records are retained detailing any decisions taken by officers using their delegated authority, including the rationale. Such decisions are also published.
- The strategic risk register is scrutinised by the Audit & Ethics Committee with open reporting to Cabinet.
- The Council consults widely and comprehensively with stakeholders on its proposals. Wider engagement takes place via the West Midlands Combined Authority and the Local Enterprise Partnership.
- There is a Scrutiny Committee work programme in place, with members of the public invited to recommend topics and attend annual work planning meetings.
- A Forward Plan is in place setting out what consultation will be undertaken in advance of decisions being made, and with whom.
- The Council holds an Equality & Diversity "excellent" accreditation and Equality Impact Assessments (EIA's) are completed for Council decisions. A register of EIA's is in place and kept up to date. Equality & diversity training is mandatory for all staff.
- Mandatory LGBT+ training provided to staff and Councillors.
- A communications strategy is in place with a new one being developed as part of the Corporate Strategy delivery plan.
- Customer feedback procedures are in place.
- Active engagement with employees takes place in several ways including through a bi-annual survey, regular employee briefings, the employee network, team meetings, the corporate management forum and through the Joint Union Consultation Forum.
- Employment policies are developed in consultation with staff and trade unions.
- Cross party working groups are operated as an additional measure which ensures engagement with a broad range of stakeholders on key Council decisions. An example of this is the Climate Summit.



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- Meetings are live streamed and recordings are retained on the Council's website.

Effectiveness and future developments

The Council uses a range of approaches to engage with communities including through associations, forums, leafletting, parish councils, drop in events, Facebook, Instagram, Twitter, the website, surveys, and face to face. The pandemic enabled use of the more innovative means of communication to be maximised and this approach has continued. There is a contract with language line to support any face to face communication issues and the Council accesses the Warwickshire County Council interpretation and translation service to translate written documents. The Council is a partner of Warwickshire Insight Service which provides information and intelligence about Warwickshire and its people. The information provided was used to inform the Council's vision for Rugby Town Centre and to inform the development of the Corporate Strategy. The information is also used by the Community Safety Partnership and by staff when completing Equality Impact Assessments, which helps to ensure that decisions are taken after due consideration of the potential impacts across the community.

Rugby Art Gallery and Museum consults with audiences and community groups to ensure services are responsive to local needs and reflective of the local community. Rugby Art Gallery and Museum has long term partnerships with the Benn Partnership Centre and Age UK to engage socially isolated adults and adults living with dementia in creative and stimulating experiences. Activities are constantly adapted following participant feedback. Rugby Art Gallery and Museum has also partnered up with Warwickshire Pride to deliver an exhibition linked to local experiences.

As part of their governance role, in 2021/22 the Equality & Diversity Steering Group reviewed the Equality, Diversity & Inclusion Policy Statement and Objectives, and amended them to ensure they were aligned with the Corporate Strategy.

In 2021/22 the Council conducted a climate survey which found that:

- 94% of respondents were concerned about the impacts of climate change and biodiversity loss,
- 47% of respondents felt they understood climate change either a little or not at all,
- 89% of respondents stated that climate change affected their everyday decisions, with the key areas being waste management, managing their homes, travel choices and shopping, and
- A lack of suitable information and viable sustainable options were seen as key barriers.

The Council used the results of this survey to inform development of its new Climate Change Strategy, which is expected to be approved in 2022. A 6 week public consultation on this is also planned.

Development work on the Council's digital platform continued in 2021/22. The Council successfully procured and rolled out a new Customer Contact Management System Placecube in May 2021. Throughout this transition service delivery and customer access has



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been maintained and continuously improved. The reception area reopened to the public in 2022 with re-designed digital signage complete with a multilingual dialogue display for self service via telephone. This has enabled the Council to remain inclusive to all its customers.

The Garden Waste process was also redesigned and launched on our Digital Place platform with over 15,000 subscriptions purchased since it went live in February 2022. The Council also continues to promote the Waste App as a source of information for customers whilst reducing the need for paper documents and printing.

PRINCIPLE C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Arrangements in place

- A Corporate Strategy is in place covering the period 2021-2024. This is given further context through the Corporate Strategy Delivery Plan, Town Centre Plan, and the Climate Strategy.
- The Medium Term Financial Plan is regularly reviewed and updated, with the latest iteration presented to Cabinet in February 2022.
- Cabinet and Committee reports set out the potential impacts of changes on stakeholders.
- Strategic and operational risk registers are in place.
- The Council has declared a climate emergency and has committed to address its impact on the climate.
- The Council consults widely on its proposals considering the economic, social, and environmental impacts of plans, policies, and decisions.
- There is a clear vision for Rugby Town Centre post pandemic, including an action plan and marketing plan.
- All planning and development decisions are considered openly and transparently in terms of their economic, social, and environmental benefits and impacts.
- The Council is now a Carbon Literate Organisation (Bronze Award), and will be rolling out carbon literacy to the organisation.

Effectiveness and future developments

The Council has been awarded grant funding by the Midlands Energy Hub to improve the energy efficiency of approximately 90 properties through air source heat pumps, insulation, solar PV and energy efficient electric heating. As part of the ECO3 programme, 95 properties have been targeted to benefit from cavity wall insulation and loft insulation. A stock modelling exercise is also being completed across the whole of the social housing portfolio to identify measures that can be taken to improve energy efficiency and to plan for fully retrofitting properties as the borough continues its journey to net zero.

The Borough's first on-street publicly accessible, electric vehicle charging points have been installed, which will have the capacity to charge 12 electric vehicles. 24 electric vehicle points have also been added at the M6, Junction 1 Service Station.

A new Air Quality Action Plan is being developed in preparation for the new Environment Act. The aim of this is to reduce pollution to safe levels. An Air Quality Supplementary Planning

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Document was also formally adopted, and emissions from taxis are reducing following approval of a new policy before the pandemic started.

On Global Recycling Day, the Visitor Centre launched its Rugby Town themed reusable and biodegradable takeaway cup. Several town centre cafes have signed up to a scheme offering discounts to customers presenting the cup. The scheme promotes sustainability and an environmentally friendly ethos, as well as supporting local businesses. The Council has also partnered with a new recycling company which provides a free service guaranteeing zero landfill, re-uses equipment for good causes, and has a mission to plant over 2000 trees.

The Council hosted the first ever Rugby Climate Summit with voluntary and community organisations, residents and businesses. It built and launched the Rugby Net Zero website, to host information for residents on tackling climate change, and has begun upskilling its workforce to deal with the climate emergency, for example through carbon literacy training. The Climate Emergency Working Group has also overseen development of a comprehensive Climate Strategy, ready for public consultation.

There were numerous successful outcomes for the Parks and Grounds services during 2021/22 including:

- Being a finalist for the Horticultural Team of the Year at the National APSE Awards.
- Retaining Gold at the Heart of England in Bloom Awards.
- Retaining Green Flag Awards at Caldecott Park, Centenary Park and Millenium Green Play Area.
- Completion of a major refurbishment at Whinfield Play Area and Multi Use Games Area.
- Laying of two new hedges in the traditional Midlands style, one in Brownsover and one in Cawston.
- Installation of solar bat hat lights at Whinfield and Whinfield Wood, Caldecott Park, Rokeby and Centenary Park. This was to aid usage of these areas during the autumn and winter months, to improve the opportunities for green travel across open spaces. The solar lights were installed in response to a resident survey about how to make open spaces feel safer after dusk.
- Planting of a family of Sakura Cherry Trees from the Japanese Embassy in Whitehall Recreation Ground.
- Completion of over 2,100 hours of practical conservation volunteer work by the Ashlawn Working Party, Rugby Wildlife Group and Warwickshire Wildlife Trust. This work included completion of hedge laying and footpath restoration.
- Enhancements to the Borough's Park Connector Network. There was major development of Route 'East A', with Whinfield Wood, Whinfield Park and footpaths being upgraded. Tarmac paths replaced poor condition pathways utilising partnership community funds.
- Refurbishment of the Rokeby and Whinfield play areas, with new play equipment, relocated and new pathways, and extensive hedgerow planting.
- Approval of a new Pollinator Strategy for the management of Council land. The strategy ensures green spaces will be managed and used creatively to benefit biodiversity, health and wellbeing whilst ensuring a mosaic of habitats and environments are provided. Projects include wildflower meadows, urban meadows and supporting volunteer bee keeping at key locations.

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A new Housing Strategy was approved in March 2022. Significant outcomes are being delivered for the borough in line with the Council's strategic priorities for homes and the community, including:

- The development of 360 dwellings at the Market Quarter is nearing completion.
- In supporting sustainable communities the Council continues to work on the delivery of Houlton, which opened an award winning new Secondary School in September 2021.
- The Council continues to work with Homes England and the Consortium at South West Rugby to bring the mixed used development forward. Partners have launched the Homestead view website, to keep communities affected by the South West Rugby Sustainable Urban Extension informed and engaged.
- The Council continues to support Neighbourhoods to plan for their own future. Ryton on Dunsmore recently had their plan adopted and two further ones for Brinklow and Wolvey are being actively progressed having reached the examination and consultation stages.
- Due to the work of Rough Sleeper Solution Officers, rough sleeping in the town continues to be very low. The Autumn snapshot counted 3 rough sleepers, one of whom was travelling through Rugby.
- The Preventing Homelessness Improving Lives project has prevented 137 Rugby borough households from becoming homeless during the last year.
- The backlog of housing waiting list applications, caused by a surge during the pandemic, has now been substantially reduced along with benefit processing times. New cases are triaged daily to identify those requiring a more urgent response.
- The housing services team successfully implemented new rent arrears monitoring software, Rentsense, enabling the Council to focus efforts on supporting those tenants more susceptible to struggling to maintain their rent payments. The Council has achieved a 95% rent collection rate for 2021/22.
- The Lifeline Service was re-accredited by the Telecare Services Association in late 2021, with inspectors praising the dedication of staff in service delivery.
- As an alternative to the winter night shelter, the Council worked with partners to secure housing support and accommodation for 6 clients. Of these, 2 have gained full time employment, 2 have moved into the private rented sector, and 1 is being supported into employment/ training.
- All tenants of Rounds Gardens were successfully decanted in advance of the target date of March 31 2022, in readiness for demolition.
- Bell House, a formerly derelict site, has been transformed into 18 new build apartments for social rent, with the help of Homes England funding.
- The Council is continuing to increase its stock of homes, with 6 new homes being acquired, and an additional 21 properties being at different stages of the purchase process.
- The Council worked closely with Midland Heart to implement a newly agreed local lettings plan for 103 social rented homes in Houlton.
- Investment in Council housing stock has continued and there are plans to continue this in 2022/23 by replacing bathrooms in 145 properties and kitchens in 190 properties.
- The Council has been awarded a grant of £2million towards the Biart Place development from the Coventry and Warwickshire Local Enterprise Partnership.
- A new joint venture commercial development company has been established, with an initial pipeline of 60 new homes has been incorporated with the Council as a main shareholder alongside an experienced joint shareholder the Norse Group.

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PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes

Arrangements in place

- The Council manages performance through published local and management performance indicators; this enables intervention to be targeted where it is needed.
- The Corporate Strategy Delivery Plan and service plans are designed to ensure that the Council targets the actions necessary to deliver the Corporate Strategy.
- Strategic risk registers are in place for each strand of the corporate strategy, detailing the controls in place and the interventions planned to ensure delivery of objectives.
- There are eight distinct service areas each with a Chief Officer, and dedicated member portfolio holders aligned with these service areas.
- Committee and Cabinet reports set out the risks and options associated with decisions.
- Quarterly finance and performance reports, and exception reports, are submitted to and reviewed by Cabinet.
- An annual budget report, and rent setting report, are submitted and there is an established budget setting and monitoring process, which the Council looks to improve year on year, with greater focus on ownership and accountability.
- The Medium-Term Financial Plan is regularly reviewed and updated, with the latest iteration endorsed by Cabinet in February 2021. The Medium Term Financial Strategy will be updated in 2022/23.
- Approved Asset Management Strategy in place.
- The Council consults widely on its proposals considering the economic, social, and environmental impacts of plans, policies, and decisions.
- There is a Forward Plan of key decisions and scrutiny committee arrangements in place.
- A customer feedback procedure is in place.
- Key corporate projects, for example transformation, the housing management system, and the corporate asset management system, have governance boards in place to provide oversight and ensure effective delivery.
- The Climate Strategy is supported by an action plan, setting out the goals to be reached by 2030 and the actions to achieve them.
- New financial regulations and instructions in place, approved and issued in 2021/22.
- Bi-annual reports on treasury management activities are submitted to the Audit & Ethics Committee.

Effectiveness and future developments

Following the removal of all pandemic restrictions the Council has implemented hybrid working, with office based staff spending at least 40% of their time in the office whilst working remotely for the rest of the time. This enables staff to collaborate face to face, whilst supporting work life balance. A new phone system is now being implemented to support remote working on an ongoing basis.

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The Council is also continuing to develop its digital platform for customer interaction, and during the pandemic has encouraged the use of this more efficient and effective platform rather than face to face visits to the Town Hall. The Council has pledged to improve the quality of its digital services and technology and is reshaping its capability to deliver that change. Digital Strategy forms a road map of digital change and culture throughout the Council. By using the digital-by-default model, the Council will demonstrate how digital innovation, data and technology will help its services thrive. The strategy sets a clear vision and direction for how digital design, data and technology will support the Council's ambitions as a council to work differently, deliver the new Corporate Strategy, and make lasting changes to how the Council meets more of its community's needs, quicker and more conveniently and making sure that it does so inclusively, leaving nobody behind in the process. As part of this strategy, Council meetings are now paperless, which has resulted in a 56% reduction in the use and expenditure on paper across the Council. The implementation of phase one of the digital experience platform has resulted in a new Customer Case Management Module, enabling Rugby Borough Council staff and customers to log and track issues via one portal. Phase two work is now underway to migrate website services to this platform and to expand the number of services available to both staff and customers.

The Council recognises that to deliver its priorities with less money, it has to transform the way it works and delivers its services by increasing income through commercialisation and reducing the costs of running services, for example via digitalisation. A Transformation Unit has been established to achieve this, and the Case for Change (The Rugby Blueprint) was articulated and communicated to staff. A detailed analysis of the Council's activities has been carried out in comparison with the corporate strategy objectives and peer authorities. This helped to identify potential transformation projects, the first three of which were approved by the new Programme Board in May 2022. The programme includes development and implementation of a new performance management framework and improvements to the organisation's culture, through the Rugby Blueprint. New Commercial pillars are also being developed for implementation in 2022/23.

There are a number of other areas where the Council intervened successfully during the year, including:

- Successful delivery of a Covid secure set of Borough, County and Police & Crime Commissioner elections all on the same day, with staff coming together from across the organisation.
- In March 2022 the Council paid out £0.221m to 222 applicants for the Additional Restrictions Grant, to support businesses which were not in hospitality but were affected by the loss of revenue due to Covid restrictions in December 2021.
- During the year 25 grants totalling £0.916m were paid to businesses to support them in recovering from the pandemic. Working in partnership with the Growth Hub, this scheme protected 471 jobs and is expected to create 109 new jobs in the borough.
- Further Covid related grants totalling £6.996m were paid out to businesses in the borough during 2021/22, continuing support provided through the pandemic.
- The Council secured £0.193m of grant funding from the Welcome Back Fund. This was used to deliver and promote a free programme of Rugby Summertime and Wintertime events and activities with the aim of generating additional footfall to the town centre. Key highlights included a town centre beach which increased footfall by 15% and 18% on the

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two days, an outdoor cinema in Caldecott Park which saw 4,100 people enjoy 12 different films over 4 days, a synthetic skating rink and illuminations in Caldecott Park which provided over 4000 skating sessions to families, and a Lego Snowman Trail around the town centre which had over 5,000 participants linked to a Lego exhibition at Rugby Art Gallery and Museum.

- Consultation events were held in the Spring and Autumn on a new strategy to regenerate and revive the town centre. The initial ideas have received overwhelming support. Further consultation has also been undertaken with other key stakeholders which has all fed into the development of the strategy.
- In partnership with Warwickshire County Council, the Council assisted in the tracing of positive Covid cases where they had not given correct information or had not engaged with the Test and Trace process, to ensure that they were following isolation rules. Council staff carried out 200 visits to check on the welfare of the person and ensure they were following isolation requirements. This work helped to increase the percentage of those reached by test and trace, and protected the public by managing the isolation of positive cases.
- The Benn Hall supported the National Vaccination roll out, assisting the NHS with 21 days of clinics over the Summer.
- Rugby Art Gallery and Museum obtained funding to provide 10 community group and 10 primary school classes free workshops and subsidised 479 creative workshop places for families.
- The Images of Rugby exhibition featured photographs and artworks of Rugby from the museum collection and had 9,200 of visitors, and Facebook posts reached over 43,000 people. In February 2022 Rugby Art Gallery and Museum opened Every Object Tells a Story Exhibition which tells the story of some of Rugby's hidden histories. It features contributions from local people, members of the local history group and Warwickshire Pride.
- The Council received £0.050m from the Arts Council to work with the Benn Partnership Community Centre and is currently building an exciting new social group who will be discovering and adding to the history of the town.
- 103 young people contributed to the Creative Youth exhibition at Rugby Art Gallery and Museum, many working with artists and peers to document their time during lockdown.
- The Council welcomed back the National Playday event at Whitehall Recreation Ground, which saw over 1,000 residents attend the free celebration of play.
- A social prescription project continues to run at the Benn Partnership Centre with referrals coming from Connect Well, ESOL and the local medical centre. The group engages with an art or a craft activity each week whilst allowing time for socialising and peer support. Over the last year participants have gained confidence outside the group, with one member getting a part-time job, another entering the Rugby Open and a third joining the Biennial dance workshops. The group had been running online during lockdown, but was able to reopen on the June 10, 2021 since when 120 people have attended.
- The Council awarded a further £0.028m in grants to support community projects in 2021/22.
- Members undertook Hate Crime Awareness training to support them in their wider role around community cohesion and fostering good relations.
- The Council, in partnership with Warwickshire County Council and the Office of the Police and Crime Commissioner, was successful in receiving government funding for initiatives to improve the safety of women and girls. A working group has been set up to develop an action plan which will be led by community feedback.

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- The Council is piloting a scheme called 'area action' in the Benn Ward where the community identify priorities for action by the Council and other partners to improve and maintain their communities. Partners include Warwickshire County Council and Warwickshire Police. Priority actions include houses in multiple occupation, parking, street cleaning, fly tipping and local crime.
- The Council has introduced a new planning pre-application advice service to allow residents and businesses to get planning advice prior to submitting a planning application. This new service will generate additional income through the use of Planning Performance Agreements (PPAs) along with an advice service that now covers all types of development.
- The Local Land Charges team have commenced work on the digitisation of land charges information. Working with HM Land Registry this 18-month project will allow all land charges information to be available on a national database which will be available to residents and businesses to access the information independently.
- The Housing Revenue Account budget now includes a Housing Climate Change reserve of £1m, which will enable the Council to be reactive to new funding opportunities when they arise and to have a series of off the shelf energy efficiency and retrofit projects. A reserve of £1.5m was also established in order to enable the investments needed to deliver the transformation programme.
- The Council was granted £0.350m via the Local Digital Fund Round 5 to lead development on a new and flexible digital waste service that integrates front end resident user requests with back office delivery functions in an accessible "low code" way. The Council is the only authority within the region to have ever been granted this funding.
- The Benn Hall reopened to public events in 2021. National shows and famous names and faces including Sir Geoff Hurst, Showaddywaddy and The Fureys came to Rugby with sell out audiences. Over 11,000 people attended events as audiences returned under Covid secure measures. New shows included sold out Bingo Revolution evenings as the programme grows. Record ticket sales for the Adult Panto were achieved in partnership with local company Five Star Theatre, supporting the local economy and businesses. Rugby's only professional Pantomime which is written and produced by a Rugby based Theatre Company attracted over 2,200 customers over the Festive period.
- The On Track service worked with key partners including Orbit Housing, the Police Crime Commissioner and community organisations to deliver health and wellbeing interventions for the young people of the Borough.
- The CAST team administered the Test and Trace support payments for the lifetime of the scheme, which closed at the end of February 2022. During 2021/22 £0.374m was allocated to 748 residents.

PRINCIPLE E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Arrangements in place

- Each member of the leadership team undertakes professional development appropriate to their role.
- The respective roles of the Executive Director and Leader are clearly defined.
- The leadership team meets every week and Cabinet meets on a regular basis.



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- Section 151 (Chief Finance and Performance) Officer, Monitoring Officer, and Senior Information Risk Owner (SIRO/ CIO – Chief Information Officer) are in post.
- The Constitution sets out roles and responsibilities and the Council's decision-making process. An approved scheme of delegation is in place, updated in December 2021.
- Contract Standing Orders and associated toolkits are in place and are designed to ensure procurement activity is cost effective and ethical.
- Registers of gifts, hospitality, and conflicts of interest in place, with an updated policy implemented in 2020/21.
- Protocol in place setting out the relationship between and roles of members and officers.
- Member training and development programme in place, including dedicated training for planning and licensing committee members.
- Thorough induction processes are in place for all new employees and members, linked to the corporate values.
- Job profiles clearly set out the responsibilities of officers throughout the organisation.
- HR and Learning and Development Strategies, and Corporate Learning Group in place.
- System of regular team meetings and one to one meetings between managers and staff.
- Employee health and wellbeing is actively promoted, and confidential employee counselling support is always available. Staff are encouraged to complete wellbeing action plans and discuss them with their line manager.
- A comprehensive suite of training and development courses is offered to all employees.
- All managers are expected to complete the "Way We Manage" training programme.
- Corporate Management Forum and service Management Team in place, where managers work together to review what has gone well and where the Council can do better.
- The Council has a comprehensive suite of HR policies covering employee capability, disciplinary, recruitment and selection, disciplinary and grievance, and flexible working.
- An established Corporate Apprenticeship Scheme is in place.
- Where projects are required, teams are put in place based upon the skills and experience available.
- The Council develops the capacity of community and voluntary groups to become more self-sufficient.
- The Council participates in the Local Authority Challenge.
- Officers are encouraged to subscribe to their relevant professional bodies. This is paid for and supports Continuing Professional Development of the workforce.

Effectiveness and future developments

The Council has a Corporate Apprenticeship scheme and there have been 58 apprentices since the scheme started in 2011. The apprentices provide a range of valuable support to various Council services whilst undergoing a structured programme of self-development and qualifications. In 2021/22 5 out of the 8 the individuals recruited have already been successful in completing their apprenticeship, and now been recruited into roles within the wider Council.

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Over 100 managers have completed the Council's "Way We Manage" corporate training programme. This is a significant investment in the workforce. The training includes governance issues such as financial management, performance management, health and safety and procurement procedures.

The HR Strategy is aligned with the corporate strategy and values and behaviours framework. There are six key principles set out within the strategy:

- Attract and retain a "CANDO" workforce.
- Develop leadership.
- Build workforce skills and capability.
- Nurture employee engagement and wellbeing.
- Continuous review of terms & conditions and remuneration; and
- Provide an excellent HR service.

A consistent format is in place for one to one meetings between managers and staff. A standard agenda is in use which enables staff development needs to be identified and addressed throughout the year rather than at six monthly or yearly intervals. Furthermore, the training material is aligned to corporate values. The content of the "Way We Manage" training programme is being reviewed to ensure it enables managers to have the right skills to drive excellence. The management training programme has also been extended to include a formal management qualification. The Council has also introduced a new programme – The Way We Work – for new employees to ensure they have all the information about the Council and the skills set to offer excellent services to customers.

The Council has implemented an employee forum and appointed mental health first aiders. These people have been trained in how to spot the signs and symptoms of mental ill health and provide help on a first aid basis. In the same way as learning physical first aid, Mental Health First Aiders know how to recognise those crucial warning signs of mental ill health and feel confident to guide someone to appropriate support. This initiative encourages people to talk more freely about mental health, reducing stigma and creating a more positive culture.

An updated member training programme has been developed for 2022/23 and a Councillor Learning and Development policy is being prepared for consideration by members in September 2022. The policy will also draw on the results of a review completed by the Corporate Assurance and Improvement team, which highlighted examples of good practice applied elsewhere. Some improvements have already been implemented, for example the provision of scrutiny, licensing, and planning committee training. Equalities and diversity training was also delivered virtually, and this was very well attended. **See Action 4.**

The structure of the leadership team was reviewed and updated with effect from 1 April 2021. This saw the establishment of 8 Chief Officer roles, who together with the Executive Director and Deputy Executive Director make up the new leadership team. Cabinet member portfolios have been aligned with new structure. The organisation has also been restructured to ensure services are focussed on delivery of the corporate strategy and transformation. Development sessions were held for the new Leadership Team, with an external facilitator, with a focus on roles, responsibilities and behaviours.

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Communication and engagement with employees has been increased through the formation and redefinition of the management team, empowering the workforce to collaborate and take the lead on operational decision making.

Council staff received 109 Flu vaccinations and 169 Hepatitis B jabs, helping to ensure that employees and services were protected whilst the pandemic continued. Staff were encouraged to also report their Covid vaccination status.

PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management

Arrangements in place

- The Council has a risk management strategy in place which was reviewed and updated in 2021/22. Strategic and operational risk registers are in place; the strategic risk register was redesigned in 2021/22 reflecting the new corporate strategy. The Leadership Team, Audit & Ethics Committee, Cabinet, Strategic Risk Management Group, and the Health & Safety Committee, all oversee the risk management arrangements. The Health & Safety Committee comprises the entire Leadership Team and demonstrates that senior management is taking a lead in risk management.
- A regular risk assessment of the Council's financial reserves and balances is conducted. Key risks are identified, and potential financial impacts are quantified. Reserves are reviewed annually in the context of the risk assessments.
- A Medium-Term Financial Strategy is in place and will be updated in 2022/23. An updated Medium-Term Financial Plan was presented to Cabinet in February 2022.
- Financial information is published on a regular basis and established and embedded budget setting and monitoring procedures are in place.
- The Council has a 'No PO, no pay' policy in place.
- New financial regulations were approved, and the associated financial instructions were reviewed, updated, approved and cascaded during the year.
- Cabinet and Committee system in place including a scrutiny committee and an Audit & Ethics Committee with independent Chair and Vice Chairs.
- Training is provided to all members of the Audit & Ethics, Scrutiny, Planning and Licensing Committees to ensure that they are suitably skilled to carry out their role effectively.
- Counter fraud strategy, fraud response plan and confidential reporting code in place.
- The internal audit service provides an independent and objective annual report and opinion.
- Chief Officers have all completed an annual return declaring that the control environment for their area of responsibility has been followed throughout the year and that the governance arrangements set out in this document are correctly stated.
- Service planning and Key Performance Indicators (KPIs) are developed in line with the Corporate Strategy.
- A corporate system is used to monitor, manage, and report performance and conduct verification checks on the quality of data. Performance data is reported quarterly to Cabinet and is reviewed by the scrutiny committee.



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- Data sharing protocols are in place where applicable.
- The Council has a track record of producing and publishing its accounts on time, and did so successfully during the pandemic. External audits are also completed on time.
- Shareholders Committee in place to oversee the activity of the Joint Venture trading company and the Caldecott Group.

Effectiveness and future developments

The annual report of the Corporate Assurance and Improvement Manager provides a Substantial level of assurance that the Council has an adequate and effective control environment in place. The Internal Audit Service uses Risk Based Internal Auditing (RBIA), which is recognised as best practice. The work of internal audit is aligned closely with the aims and risk profile of the Council and the service is responsive to emerging issues and risks.

As part of the transformation programme the Leadership Team is working to develop a new framework for managing the Council's performance, in line with the Corporate Strategy. Following the development of new service plans work is in progress to identify and agree the measures which will be implemented to demonstrate how well the Council is performing against the new Corporate Strategy. The Council is also reviewing its performance management digital solution and is recruiting an analyst to automate and improve the timeliness of data, and develop visualisations and reports. Finally in this area, the Council has also recently signed up to CFO Insights, which will enable it to make better use of benchmarking data to assess its performance and drive service improvements **See Action 1**.

A step change in the Council's governance has been implemented, with key decisions now being taken after formal consultation in relation to risk management, financial implications, legal implications, environmental implications and equality & diversity implications. These matters were already considered by report authors; however, the control is now enhanced because a wider group of key officers now review each proposed decision prior to its submission for approval. This means the Council's decisions are now better informed, and that any significant risks can be documented and managed.

The Medium-Term Financial Strategy sets out the measures being taken by the Council to prepare as far as possible for the future. The Council has continued to implement policies to support its route to financial self-sufficiency. This includes ongoing work to understand the costs of running the various services and the benefits to customers, ensuring that services are run efficiently and effectively. Significant change will be required to enable the Council to be financially self sufficient. A Transformation strategic summary has been developed and a Programme Board established to oversee implementation of the work required, not just to ensure financial sustainability but to transform the way services are delivered for the benefit of residents.

Further improvements in the Council's health and safety governance and risk management arrangements have been implemented during 2021/22. A new health & safety digital 'SHE' system was implemented, enabling staff to report incidents and concerns. Management of health and safety risk, monitoring and analysis now takes place all on the same system. The Safety & Resilience Team has also introduced a number of initiatives to promote, streamline and simplify the management of health and safety at including a safety hub, which is a one

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stop shop for health, safety and wellbeing information on Facebook. A digital e-learning Safety Videos platform system has also been implemented, featuring a suite of motivational training videos to help managers engage all staff.

The Council has updated its new supplier form during the year to ensure that the planned level of expenditure is included. This is an additional control line of defence to ensure any areas of new expenditure over £7,500 follows the contract standing orders policy. In a further improvement to financial control, budget monitoring reports are now automatically generated every month – speeding up the process and reducing manual intervention, leading to a reduced risk of sending information to wrong budget manager. The finance team also now uses “making tax digital”, which part automates the VAT return process.

The annual report of external audit for the 2020/21 financial year was reported to the Audit & Ethics Committee in May 2022. The report confirmed there were no significant weaknesses in the Council's governance, or its arrangements for securing economy, efficiency and effectiveness. However, as noted elsewhere in this statement, the Council needs to take further steps to secure its financial sustainability, and this is highlighted in the report and action plan.

See Action 6.

A self-assessment has been completed and arrangements for implementation of the CIPFA Financial Management code established. The results have been presented to the Audit & Ethics Committee along with an action plan, which will be implemented during 2022/23. **See Action 3.**

PRINCIPLE G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Arrangements in place

- A range of information is published including an annual report of internal audit, the financial statements, the annual report of the external auditor and this annual governance statement, which contains an action plan demonstrating a commitment to continuous improvement.
- All reports are subject to a robust internal review process to ensure they are presented in an understandable style.
- The performance information set out in the financial statements is prepared in consideration of the presentational approach adopted by other similar authorities.
- Performance data is reported quarterly to Cabinet and the Leadership Team, and is reviewed by the Scrutiny committee.
- In accordance with the Local Government Transparency Code there is an open data section on the Council's website which includes details of senior officer salaries.
- Independent scrutiny training has been provided to members, the Democratic Services team and the Leadership Team.
- Implementation of external audit recommendations is monitored by the Chief Finance and Performance Officer.

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- Implementation of internal audit recommendations is monitored by the Corporate Assurance Manager & Transformation Lead and reported to the Audit & Ethics Committee.
- The Corporate Assurance Manager & Transformation Lead is provided with direct unfettered access to the Executive Director, Chair and Vice Chairs of the Audit & Ethics Committee.
- The Council submits itself to external peer reviews including by the Local Government Association and has welcomed an equalities and diversity peer review and challenge.
- Regulation of Investigatory Powers Act (RIPA) policy in place.
- Invitations to tender are published along with the contracts register.
- The Council prepares and publishes an annual report setting out its achievements over the last year; this is reviewed and discussed by the Scrutiny Committee.
- Senior officers are members of and attend professional peer working groups. This helps to ensure continuous improvement and enables the Council to implement best practice.

Effectiveness and future developments

The annual report of external audit for the 2020/21 financial year confirmed there were no significant weaknesses in the Council's governance, or its arrangements for securing economy, efficiency and effectiveness. The presentation of the Council's financial statements is designed to make them easy to read and for stakeholders to understand. The design of this annual governance statement is also intended to make it easy to read, and it has been prepared in line with good practice guidelines published by the Chartered Institute of Public Finance & Accountancy (CIPFA).

In the opinion of the Corporate Assurance Manager & Transformation Lead the internal audit service continues to operate in general conformance with the Public Sector Internal Audit Standards. At the time of writing a survey has been circulated to all service managers asking for feedback on the internal audit service and suggested areas for improvement. The feedback will be evaluated and incorporated within an updated Quality Assurance and Improvement Plan for the service. Furthermore, the internal audit service will be subject to an independent External Quality Assessment during 2022/23, in line with the Public Sector Internal Audit Standards. The Audit & Ethics Committee will oversee the arrangements for the external review, will review the report, and oversee implementation of any action plan. **See Actions 7 and 8.**

The Democratic Services team has been working with Lead Officers across the Council to improve the quality of report writing so that decision making is of the highest quality. A report writing protocol has been developed and implemented. There is now a requirement to complete a checklist confirming that all the relevant internal consultees have reviewed each decision making report. This means reports are being presented to members after formal consideration of risk management, financial, legal, equality and diversity, and environmental considerations. The Council is making better informed decisions as a result. The Forward Plan of decisions is also now being circulated to Lead Officers to ensure effective planning in advance. The Chief Officer – Legal and Governance is also developing a new Code of Corporate Governance (Internal Constitution) for the Council, which will complement the Constitution and help to improve Officers' understanding of delegated decision making. Once

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the new Code has been developed, training will be provided to Officers and Members. **See Action 2.**

The Council was independently audited in respect of its compliance with Homes England grant awards, and found to be robust in its management and administration of the funding.

Finally, the Council has increased accessibility to public meetings by livestreaming all Committee and Council meetings, providing an improvement to engagement in the democratic process. Public meetings have returned to being face to face and are being held again in the Council Chamber.

6. PROGRESS ON DELIVERY OF LAST YEAR'S ACTION PLAN

	Improvement Action	Assessment of Progress
1	Develop, approve and implement the new Councillor Learning and Development policy, including the revised training programme.	<p>IN PROGRESS</p> <p>A revised training programme for 2022/23 has been approved. The policy is expected to be submitted for approval in September 2022.</p> <p>See Action 4 in the updated action plan.</p>
2	Deliver the joint project between Rugby Art Gallery and Museum and Warwickshire Pride.	<p>COMPLETED</p>
3	Develop and implement the new framework for performance management.	<p>IN PROGRESS</p> <p>Restructure of the Finance & Performance service completed. Performance management responsibilities incorporated within the Finance Business Partner role. Service plans developed to support implementation of the new Corporate Strategy. Performance framework and system currently being reviewed, with external support. Data Analyst being recruited.</p>

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	Improvement Action	Assessment of Progress
		See Action 1 in the updated action plan.
4	Develop and implement the new Code of Corporate Governance.	<p>IN PROGRESS</p> <p>This is now entitled the Internal Constitution and is expected to be completed by August 2022.</p> <p>See Action 2 in the updated action plan.</p>
5	Complete the review of corporate working groups, highlighting any areas of duplication or gaps in coverage.	COMPLETED
6	Obtain approval for, and implement, the new Financial Regulations and Instructions.	COMPLETED
7	Develop and implement the Council's arrangements for ensuring compliance with the new CIPFA Financial Management Code of Practice, including the self-assessment of compliance.	<p>COMPLETED</p> <p>Self-assessment completed and arrangements for implementation established. Results and action plan presented to the Audit & Ethics Committee.</p> <p>See Action 3 in the updated action plan.</p>

7. UPDATED ACTION PLAN

	Action	Lead officer	Target completion date
1	Develop and implement the new framework for performance management.	Chief Officer – Finance & Performance	31/12/2022
2	Implement the new Internal Constitution.	Chief Officer – Legal and Governance	31/08/2022
3	Implement the CIPFA Financial Management Code action plan.	Chief Officer – Finance & Performance	31/03/2023
4	Approve and implement the new Councillor Learning and Development policy.	Chief Officer – Legal and Governance	30/09/2022
5	Complete the formal review and update of the Counter Fraud, Bribery and Corruption Strategy and the independent external review of the framework	Corporate Assurance Manager & Transformation Lead	31/03/2023

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6	Implement the action plan arising from the external Auditor's Annual Report on the Council.	Chief Officer – Finance & Performance	31/03/2023
7	Commission and complete the External Quality Assessment of the Internal Audit service.	Chief Officer – Finance & Performance	31/03/2023
8	Deliver the updated Internal Audit Quality Assurance and Improvement plan.	Corporate Assurance Manager & Transformation Lead	31/05/2023

8. SUMMARY, CONCLUSION AND CERTIFICATION

- 8.1 Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people in the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness, and honesty. It is the foundation for the delivery of good quality services that meet all local people's needs. It is fundamental to showing public money is well spent. Without good governance the Council will struggle to deliver the outcomes set out in the corporate strategy.
- 8.2 This statement has been considered by the Audit & Ethics Committee, which was satisfied that it is an accurate reflection of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Several future developments have been highlighted and these are specifically addressed within the Action Plan.
- 8.3 This year's statement has been written as the country emerges from the COVID-19 pandemic and shows, despite the enormous challenges faced by the Council, the governance framework has been maintained and in a number of areas improved during the year. The Council is satisfied that its overall governance framework provides a substantial level of assurance of effectiveness, although several further development



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areas have been highlighted. Delivery of the Action Plan will be monitored during 2022/23.

- 8.4 Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the Council to ensure an effective internal control environment is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operation.

Mannie Ketley - Executive Director

Date:

Councillor S Lowe - Leader of Rugby Borough Council

Date:

DRAFT

AGENDA MANAGEMENT SHEET

Report Title:	Internal Audit Progress Update
Name of Committee:	Audit and Ethics Committee
Date of Meeting:	28 July 2022
Report Director:	Chief Officer - Finance and Performance
Portfolio:	Finance, Performance, Legal and Governance
Ward Relevance:	None
Prior Consultation:	Chief Officer - Finance and Performance
Contact Officer:	Chris Green - Corporate Assurance Manager & Transformation Lead
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	This report relates to the following priority(ies): <input type="checkbox"/> Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C) <input type="checkbox"/> Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E) <input type="checkbox"/> Residents live healthy, independent lives, with the most vulnerable protected. (HC) <input checked="" type="checkbox"/> Rugby Borough Council is a responsible, effective and efficient organisation. (O) Corporate Strategy 2021-2024 <input type="checkbox"/> This report does not specifically relate to any Council priorities but
(C) Climate (E) Economy (HC) Health and Communities (O) Organisation	
Summary:	The report sets out progress towards delivery of the annual internal audit plan, and provides an update on service performance.
Financial Implications:	None
Risk Management/Health and Safety Implications:	Non delivery of an adequate internal audit plan would have an adverse impact on the level of

assurance provided in the Annual Governance Statement.

Environmental Implications: None

Legal Implications: None

Equality and Diversity: No implications

Options: None

Recommendations: The internal audit progress update be NOTED.

Reasons for Recommendations: To comply with the requirements of the terms of reference of the Audit & Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 28 July 2022

Internal Audit Progress Update

Public Report of the Chief Officer - Finance and Performance

Recommendation:

The internal audit progress update be NOTED.

1. Introduction

- 1.1 The purpose of this report is to set out progress against the Internal Audit Plan for 2022/23.

The Council has a legal duty to maintain an adequate and effective Internal Audit service. The primary role of Internal Audit is to provide independent assurance that the Council has put in place appropriately designed internal controls to ensure that:

- The Council's assets and interests are safeguarded;
- Reliable records are maintained;
- Council policies, procedures and directives are adhered to; and
- Services are delivered in an efficient, effective and economic manner.

This work is normally referred to as Section 151 work.

2. Summary of Audit Work

- 2.1 The Internal Audit plan for 2022/23 was approved by the Audit and Ethics Committee on March 29th, 2022. Progress against delivery of that plan is set out at **Appendix A**.

3. Revisions to the 2022/23 Audit Plan

- 3.1 The Committee's role as gatekeeper requires it to approve any significant changes to the internal audit plan, in accordance with the Public Sector Internal Audit Standards. It is also good practice to continually review the audit plan in light of emerging issues, to ensure that the work of internal audit adds maximum value by proactively responding to and aligning its work with the most significant risks facing the organisation. There are currently no proposed amendments to the internal audit plan.

Name of Meeting: Audit and Ethics Committee
Date of Meeting: 28 July 2022
Subject Matter: Internal Audit Progress Update
Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY **YES** **NO**

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink
Appx A	Internal Audit Progress Update July 2022

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

INTERNAL AUDIT PROGRESS UPDATE

JULY 2022

RIGHT FOR RUGBY

Introduction

- 1.1** The Public Sector Internal Audit Standards (the Standards) require the Audit and Ethics Committee to scrutinise the performance of Internal Audit and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the team.

Performance

2.1 Will the Internal Audit Plan be delivered?

The expected position by the date of the Committee meeting is as follows:

- 1 final report has been issued;
- 1 draft report has been issued;
- 8 assignments are in progress;
- 1 assignment is at the planning stage; and
- 19 assignments have not yet been started

Internal audit work is now being delivered in a hybrid manner, with officers spending at least 40% of their time in the office and the rest of their time working remotely. This approach is enabling face to face meetings to take place where necessary for internal audit purposes, alongside online MS Teams meetings.

At the time of writing there are sufficient resources available, and the internal audit plan is expected to be delivered on time. Following a tender exercise, a new external contractor, Lighthouse Consulting Ltd, is being appointed to deliver the Council's IT internal audits, and support delivery of non IT audits, from August 1, 2022.

Progress on individual assignments is shown at pages 6 to 11 of this report.

2.2 Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?

At this stage there are no emerging issues arising from the work of Internal Audit which significantly impact upon the Internal Audit opinion of the Council's Control Framework.

2.3 Are clients progressing audit recommendations with appropriate urgency?

At the date of reporting, a combined **68% of management actions have been implemented by the agreed implementation date, with a further 23% implemented late, giving an overall implementation rate of 91%**. Whilst the overall implementation rate is good, the percentage of actions implemented by the agreed date has reduced from 75% at March 2022. In addition to the existing arrangements for monitoring and follow up of agreed management actions, the team has begun trialling quarterly attendance at Chief Officer management meetings, which provides an additional opportunity to highlight overdue actions and obtain a progress update. A summary analysis of progress on implementation of audit recommendations is shown at pages 12 to 13. **At the time of reporting there are 8 agreed management actions for which implementation is overdue, none of which are regarded as High Risk and 3 of which are regarded as Medium risk.** The details of the actions related to High or Medium risks, along with a summary of the latest position, are set out at pages 14 to 16. Implementation of the actions will continue to be monitored by the Corporate Assurance team and reported to each Committee meeting.

2.4 Internal Audit Performance Indicators

The effectiveness with which Internal Audit discharges its section 151 responsibilities is being measured by the following indicators, as agreed by the Audit and Ethics Committee:

<u>Theme</u>	<u>Title of Performance Indicator</u>	<u>Current Performance</u>
Delivery	Average end to end time for audits (number of days)	85 days Slight improvement compared with the figure of 87 days reported in March 2022.
Adding Value	Customer Satisfaction – Average Rating	Reported as an annual measure.
Timeliness	Timeliness of Reporting – Average time taken to issue draft reports following fieldwork completion	5.4 days A slight improvement compared with the figure of 6 days reported in March 2022, and below the 10 days considered to be the benchmark followed by peers.
Effectiveness	Implementation of Agreed Actions – Percentage implemented on time	68% - at the time of reporting there are 8 recommendations which are past their agreed implementation date, none of which are regarded as High risk and 3 as Medium risk. Refer to page 12 onwards for detail.

Limitations and Responsibilities

Limitations inherent to the Internal Auditor's work

Internal Audit is undertaking a programme of work agreed by the council's senior managers and approved by the Audit and Ethics Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work were excluded from the scope of individual internal audit assignments or were not brought to the attention of Internal Audit. As a consequence, the Audit and Ethics Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls, and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time at which the audit was completed. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance, and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

Progressing the Annual Internal Audit Plan

KEY

Current status of assignments is shown by ✓

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Financial Risks									
Procurement & Contract Management	20					✓			
Growth Hub Grants – Post Payment Assurance	15		✓						
Sundry Debts	18	✓							

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
NNDR	20	✓							
Housing Rents	15	✓							
Counter Fraud									
Fraud Awareness	6	✓						Not applicable	
Corporate Credit Card Desktop Review	8	✓							
Right to Buy	12	✓							
ICT									
IT Financial Processes	20			✓					

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
System Resilience	10	✓							
Corporate Risks									
CIPFA Financial Management Code Action Plan	10	✓							
Workforce Training	15			✓					
Impact Assessments	12	✓							
Governance & Ethical Risks									
Counter Fraud Framework	8	✓							

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Risk Management	8	✓							
Ethical Governance	15	✓							
Internal Audit External Quality Assessment	10	✓							
Operational Risks									
Follow up work	16			✓					
Business Improvement District	15	✓							
Planning Enforcement	20	✓							

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Licensing	18	✓							
Complaints Processes	15	✓							
S106 Agreements	15	✓							
Food Safety	18			✓					
Assets – Statutory Compliance	12	✓							
Additional Support									
Annual Governance Statement	12						✓	Substantial	

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
National Fraud Initiative	8							Not applicable	Ongoing co-ordination of the Council's NFI work.
Control Environment - Advice	15			✓				Not applicable	
Corporate Investigation Work	30			✓				Not applicable	There are 3 ongoing investigations.

Summary: Implementation of Audit Recommendations

Audit	Not yet due	Overdue	Within time	Extended time	Out of time	Cancelled	Total Recs
Absence Management	1	0	4	3	0	0	8
Creditors	0	1	3	0	3	0	7
Freedom of Information	0	0	6	1	1	0	8
Local Government Transparency Code	0	0	6	9	3	0	18
Complaints, Compliments & Suggestions	0	0	4	1	3	0	8
IT Security	0	0	0	3	0	0	3
Cash & Bank	1	1	7	4	1	0	14
Customer Service Centre Demand Management	3	0	0	1	4	0	8
Housing Rent Arrears	1	1	1	0	6	1	10
Digitalisation	0	0	1	7	0	1	9
IT Business Continuity	0	2	0	3	0	0	5
Completeness of Income	0	1	7	0	1	0	9
HR Capability & Disciplinary	1	0	5	1	4	0	11
Local Government Transparency Code	0	2	1	0	0	0	3
Expenses	0	0	1	0	2	0	3
Payroll	0	0	2	2	2	0	6
Covid Business Grants	0	0	0	1	1	2	4
Test and Trace Support Payments	1	0	1	0	1	1	4

Audit	Not yet due	Overdue	Within time	Extended time	Out of time	Cancelled	Total Recs
Equal Pay & Single Status	3	0	2	2	1	0	8
Payment Card Industry Data Security Standards (PCI DSS)	6	0	3	0	0	0	9
Policies, Procedures and Strategies	0	0	1	0	0	0	1
Treasury Management	9	0	3	0	0	0	12
Fraud Risk Review	3	0	1	0	0	0	4
TOTALS	29	8	59	38	33	5	172


Notes:

Extended time: This is where the Corporate Assurance and Improvement Manager had agreed an extension to the original timescale.


Out of time: This is where the action was implemented later than the agreed timescale.




Details of Overdue Medium and High Risk Audit Recommendations

Audit	Title	Due Date	Latest Note	Risk Rating
IT Business Continuity	Ensure as part of a Business Impact Assessment that ICT liaise with system owners to ensure all key systems have been captured and that recovery time objectives (RTO's) have been appropriately.	30-Sep-2021	<p>Update from ICT Manager 08/07/2022</p> <p>IN ACTIVE PROGRESS: This still requires action, the delays are due to resource issues within IT Services, currently having 4/5 vacant posts and there are recruitment challenges.</p> <p>However, we have moved significantly forwards. We have revised, reviewed and made changes to ensure we have good known backups of each server. We have ensured these are also available offsite at our DR location. We are also about to sign off a complete new backup solution, which will add cyber-attack/ransomware protection. It will also be location agnostic and be cloud provisioned, taking site resilience issues away. We have also completed work on RTO's to input into the new solution. It will allow for better testing to ensure backups and data are known to be secure and recoverable. The backup solution will also ensure we are compliant with any PCI requirements in regard to the data stored etc.</p>	 Medium Risk



Audit	Title	Due Date	Latest Note	Risk Rating
IT Business Continuity 2019/20	Ensure there is regular testing of the ICT Business Continuity Plan.	30-Sep-2021	<p>Update from ICT Manager 08/07/2022</p> <p>IN ACTIVE PROGRESS: This still requires action, the delays are due to resource issues within IT Services, currently having 4/5 vacant posts and there are recruitment challenges.</p> <p>However we have moved significantly forwards. We have revised, reviewed and made changes to ensure we have good known backups of each server. We have ensured these are also available offsite at our DR location. We are also about to sign off a complete new backup solution, which will add cyber-attack/ransomware protection. It will also be location agnostic and be cloud provisioned, taking site resilience issues away. We have also completed work on RTO's to input into the new solution.</p> <p>It will allow for better testing to ensure backups and data are known to be secure and recoverable.</p> <p>The backup solution will also ensure we are compliant with any PCI requirements in regards to the data stored etc.</p>	<p> Medium Risk</p>

Audit	Title	Due Date	Latest Note	Risk Rating
Local Government Transparency Code 20/21	Include all Purchase Orders in excess of £5k within the quarterly published Procurement Information.	30-Sep-2021	Whilst the percentage of invoices being paid with a Purchase Order has increased to approximately 60% following the introduction of the No PO No Pay policy, it is considered that publishing this information would not be an accurate representation of current council spending.	 Medium Risk