

Report of	Meeting	Date
Director of Governance and Monitoring Officer	Governance Committee	26 May 2021

## Draft Annual Governance Statement 2020/21

### Purpose of report

- To present to members the draft Annual Governance Statement 2020/21.

### Recommendation(s)

- That the Annual Governance Statement be approved as a correct statement of the Councils governance environment and be recommended to the Leader and Chief Executive for signature.

Confidential report Please bold as appropriate	Yes	No

### Corporate priorities

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	X

### Background

- The council is required to ensure that it has in place a sound system of governance, that it regularly reviews the effectiveness of that system and that it continuously seeks to achieve best value in service delivery. As part of that, the council is required to publish an Annual Governance Statement (AGS).
- The Annual Governance Statement is developed alongside the Statement of Accounts but assesses the governance framework for the whole council and all of its activities. The form of the AGS and the approach taken to its development is based on guidance that is produced by CIPFA and SOLACE.
- The guidance from CIPFA and SOLACE sets out that councils are obliged to

- Develop and maintain an up to date local code of governance consistent with the 'core principles' set out in the framework
  - Review their existing governance arrangements against the framework
  - Prepare a governance statement in order to report publicly on the extent to which the council complies with its own code on an annual basis including how it monitored the effectiveness of its governance arrangements in the year and on any planned changes in the coming period
7. The annual governance statement is required to be signed by the most senior officer (normally the Chief Executive) and the most senior member (normally the Leader), but it is developed and owned collectively by senior officers and members.
  8. The guidance states that there should be a review undertaken by a body, such as the Governance Committee, that has not been involved in the production of the AGS.
  9. The statement has five sections:
    - Section one: Scope of Responsibility
    - Section two: Purpose of the Governance Framework
    - Section three: The Governance Framework
    - Section four: Review of Effectiveness
    - Section five: Identified Governance Issues.
  10. This report provides an overview of the key elements of the AGS, with the full AGS attached at appendix A.
  11. The AGS reflects that the Local Code of Corporate Governance was refreshed in March this year.
  12. Section 3 of the report provides details of actions taken by the council to enhance the governance arrangements and include reference to changes occasioned by shared services.
  13. Members will note at section 4 of the report the Service Lead for Audit and Risk (Head of Internal Audit) was unable to give an opinion on the internal control environment for the reasons given. This should not be seen as being a negative statement on that environment, only that there has been inadequate testing of it to provide an opinion.
  14. It has been noted by CIPFA / SOLACE on a recent training session that most Council's Internal Audit are likely to find themselves in this position due to the Covid Pandemic limiting the assurance work undertaken during this year.
  15. Section 5 of the AGS addresses 2 matters. Firstly, members are updated as to the implementation of improvements identified in last years AGS. Arguably, 3 of the 5 actions have been implemented although risk management has been treated as outstanding and is carried forward to this year. The reason for this is that the improvements made need to be embedded to ensure assurance can be given. The other outstanding improvements, relating to Transparency and Fraud both could be treated as partial compliance but are carried forward into this year's actions.
  16. There are no significant areas of non-compliance identified within the works undertaken to test the governance environment this year. An action plan has not been presented in relation to the improvements to be undertaken. This year the Council are taking a different approach. The improvements will be considered by the Corporate Governance Group and allocated to appropriate responsible officers who will be expected to develop an action plan to implement the improvement. These plans will be added to the GRACE system and progress against the plans reviewed by the Corporate Governance Group. This replicates the approach being taken to management actions identified in internal audits and should serve to embed the use of GRACE but also the council's commitment to good governance.

**Implications of report**

17. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal	X	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**Risk**

18. Addressed in the Annual Governance Statement attached.

**Comments of the Statutory Finance Officer**

19. No comments

**Comments of the Monitoring Officer**

20. Addressed in the body of the report

Chris Moister  
Director of Governance

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>
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