

Report of	Meeting	Date
Director of Policy and Governance	Governance Committee	22 June 2016

ANNUAL GOVERNANCE STATEMENT

PURPOSE OF REPORT

- To present the draft Annual Governance Statement (AGS) to the Governance Committee for review and approval.

RECOMMENDATION(S)

- That the draft Annual Governance Statement appended to this report be approved and referred to the Executive Leader of the Council, the Chief Executive and Monitoring Officer for signature.

EXECUTIVE SUMMARY OF REPORT

- Pursuant to the Local Government Act 1999, the Authority are required to continuously review our system of Governance. As part of this review we publish an Annual Governance Statement (AGS) alongside the annual financial statements.
- CIPFA and SOLACE issue guidance on the form of the AGS and the self-assessment process that authorities must undertake to compile it.
- This draft AGS is presented to Members of this Committee to review and approve. It has been properly drafted in accordance with the guidance issued. The assessments which have informed the preparation of the AGS demonstrate that the Council have strong governance arrangements.
- When approved the AGS will be formerly signed off by the Leader of the Council and the Chief Executive. It will then be submitted for external audit alongside the 2015/16 financial statements.

Confidential report Please bold as appropriate	Yes	No
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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 communities		An ambitious council that does more to meet the needs of residents and the local area	X

BACKGROUND

8. Under the Accounts and Audit (Amendment) Regulations 2011 every Council is required to conduct an annual review of the effectiveness of its system of governance and publish an AGS each year alongside its financial statements.
9. CIPFA and SOLACE have issued a Framework and supporting guidance entitled "Delivering Good Governance in Local Government", under which councils are required to:
 - develop and maintain an up-to-date local code of governance consistent with certain "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 has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.
10. The CIPFA SOLACE Framework defines proper practice for the form and content of the AGS. The Framework requires the most senior officer (chief executive or equivalent) and the most senior member (leader or equivalent) to sign the AGS. They must be satisfied that the document is supported by reliable evidence and accurately reflects the Council's system of governance.
11. The AGS is a corporate document and should involve (in addition to the most senior officer and the most senior member as signatories) a variety of people charged with delivering governance, including:
 - the monitoring officer in meeting his/her statutory responsibilities;
 - the responsible financial officer who is responsible for the accounting control systems and the preparation of the statement of accounts;
 - directors assigned with the ownership of risks and the delivery of services;
 - members (e.g. through audit or scrutiny committees); and
 - others responsible for providing assurance (e.g. Internal & External Audit).
12. Thus as a corporate document, the AGS should be owned by all senior officers and members of the authority. A shared approach should be taken to compiling the AGS because any delegation to a single individual or section will dilute its significance and encourage other people to distance themselves from their proper responsibilities.
13. The guidance also states the need for a review body in the process such as the Governance Committee, which should be charged with critically reviewing the AGS and its supporting documentation. It is vital that this review body remains independent from the AGS compilation and is given real powers to make recommendations and ultimately changes to the process as it sees fit.

CORPORATE SELF-ASSESSMENT

14. A corporate group consisting of the following officers contributed to the self-assessment and draft AGS (please note this list retains the use of former job titles as it crossed over the implementation of a restructure):
 - Chief Executive (S151 Officer)
 - Head of Governance and Property(Monitoring Officer)
 - Head of Policy & Communications
 - Head of Human Resources & Organisational Development
 - Head of Shared Assurance Services
 - Principal Auditor
15. Section 5 of the Appendix discloses what the management group consider to be main opportunities to enhance the Council's governance arrangements taking account of

organisational changes and the corrective action implemented following last year's self-assessment. This view has been derived from the group's cumulative knowledge of the Council's system of governance and the views of independent assurance sources such as External Audit.

16. The role of the Chief Finance Officer and the role of the Head of Internal Audit has been assessed, to ensure that the roles are undertaken to professional standards and that the Council ensures that appropriate support arrangements are provided to enable them to fulfil their duties.

SERVICE ASSURANCE STATEMENTS

17. In addition to the corporate self-assessment, assurance has also been obtained from Heads of Service, as it is they who are responsible for implementing the respective governance systems and procedures within their service areas. Service Assurance Statements have been compiled which require Heads of Service to review the operation of a range of governance systems and procedures within their service areas and indicate whether there are any non-compliance issues.
18. Whilst the Service Assurance Statements will provide an assessment of individual service compliance, the completed Service Assurance Statements are primarily used to ascertain whether there are any common areas of concern across the organisation. If so, do these constitute significant governance issues. Again, any non-compliance issues emerging from the Service Assurance Statements have also been included in Section 5 of the AGS at the Appendix.

RESULTS OF ASSESSMENTS

19. The Council were found to have strong governance arrangements with few identified areas for improvement. The Committee are asked to consider section 3 of the AGS which details how the Council discharge their obligations.
20. Section 5 of the AGS identifies proposed areas for improvement. The section is headed "Significant Governance Issues" but this is a little misleading. These are issues that have been highlighted as needing improvement, the issues are not in themselves significant. They are areas which suggest partial compliance with requirements or where there is insufficient evidence to demonstrate full compliance. There are no areas of significant non-compliance by the Council.

IMPLICATIONS OF REPORT

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

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

COMMENTS OF THE STATUTORY FINANCE OFFICER

22. Contained in the body of the report.

COMMENTS OF THE MONITORING OFFICER

23. It should be noted that as this report is a point in time consideration it reflects job titles and the organisational structure in place for the year 2015/16, this is also true for the Annual Governance Statement itself. The delivery of the proposed actions in section 5 and the ongoing consideration of internal controls will be delivered by officers identified in the new structure.

CHRIS SINNOTT
DIRECTOR OF POLICY AND GOVERNANCE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Chris Moister	5160	16 June 2015	