

# Annual Governance Statement 2024 – Final Draft

Date: 23<sup>rd</sup> September 2024

Report of: Chief Officer Financial Services

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

This report supports the fulfilment of the Council's statutory duty to produce an Annual Governance Statement.

The Interim Annual Governance Statement was shared with the Committee for information following the period of public deposit in July 2024.

The final draft of the Annual Governance Statement is submitted to Committee for review.

## Recommendations

- a) Corporate Governance and Audit Committee are asked to consider the final draft of Annual Governance Statement 2024.
- b) The Committee notes that the Annual Governance Statement is a live document and is open to alteration up to the point when the Council's accounts are received at Committee for the period the Annual Governance Statement covers.
- c) When the Council's accounts are received at Committee for the period of the Annual Governance Statement, the Committee will receive an addendum detailing any significant changes to the Statement.

## What is this report about?

- 1 This report follows from
  - the annual review of internal control which was undertaken prior to submitting the corporate governance framework and assurance map to Committee at its June meeting;
  - the review of outcomes from the 2023 AGS action plan considered by Committee at the July meeting; and
  - the update of the Interim Annual Governance Statement which was published for public inspection on Monday 17<sup>th</sup> June and received by Committee in July 2024.
  - points raised by our external auditors, Grant Thornton that the Annual Governance Statement remain a live and active document up until the Council's accounts for the period the Annual Governance Statement covers are received and approved at Committee.

- 2 The report seeks review of the final draft of the Annual Governance Statement for 2024, with agreement that the Committee will receive an addendum with the Council's accounts should any significant changes be made to the Annual Governance Statement.

### **What impact will this proposal have?**

- 3 This report ensures the Committee's oversight of statutory processes, which have been carried out in accordance with proper practice as required by regulation and set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice: Delivering Good Governance in Local Government (2016) (Proper Practice).
- 4 Proper Practice recognises that the Annual Governance Statement (AGS) is a valuable means of communication. It enables the Council to explain to the community, service users, taxpayers, and other stakeholder its governance arrangements and how the controls it has in place manage risk of failure in delivering its outcomes. It provides that the AGS should:
  - a. Provide a meaningful and brief communication regarding the review of governance that has taken place, including the role of the governance structures involved.
  - b. Be high level, strategic and written in an open and readable style.
  - c. Reflect an individual authority's particular features and challenges.
  - d. Be focused on outcomes and value for money and relate to the authority's vision for the area.
  - e. Provide an assessment of the effectiveness of the authority's governance arrangements in supporting the planned outcomes.

### Action Planning

- 5 Proper practice recognises that the process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework. As such it is required that the statement includes:
  - a. An agreed action plan showing actions taken, or proposed, to deal with significant governance issues, and
  - b. Reference to how issues raised in the previous year's Annual Governance Statement have been resolved.
- 6 Members will recall receipt of the 2023 action plan outcomes at their meeting in July 2024. They will also note that section 4 of the AGS provides a high-level overview of the highlights and improvement plans in relation to each corporate governance principle, together with assurance that these will be reported and reviewed as appropriate to the internal control environment involved.
- 7 In July 2024, the Committee asked what level of assurance they could take in relation to partnership governance given that the action was carried forward to the 2024 AGS. Members may wish to note that governance arrangements in relation to partnerships are identical to those for any other Council internal control environment in so far as those matters are in the Council's control. Assurance is sought alongside all other internal control environments within the three-line approach adopted and reported to the Committee in June. Additional assurance arrangements seek to ensure that there is clarity as to the partnerships the Council has in place, the objectives of those partnerships, where responsibility lies within the partnership for governance matters (finance, decision making, performance management etc.), and that there are clear arrangements to bring the partnership to an end as and when appropriate. Assurance collected through the review of internal control gives no indication that there is concern in relation to the application of internal controls within partnerships. However, there is a need to review the assurance arrangements themselves to ensure that they are proportionate to risk

which may be financial, reputational, or strategic. This review is reflected in the 2024 action plan and currently under way with the engagement of directorate leadership teams.

### How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 8 The Annual Governance Statement provides assurance that the arrangements in place to ensure that the Council can deliver its strategic goals through value for money and sustainable use of resources.

### What consultation and engagement has taken place?

Wards affected: None.

Have ward members been consulted?

Yes

No

- 9 The Annual Governance Statement was developed in consultation with officers with specialist oversight and expertise including the Monitoring Officer and Chief Financial Officer.
- 10 The interim AGS was shared with the Chair of Corporate Governance and Audit Committee, and with the Leader of Council and Executive Member for Resources prior to publication.
- 11 The interim AGS was published for the statutory period of public inspection and no questions or comments were received.
- 12 Members of the Committee had opportunity to comment on the interim AGS prior to the finalisation of the statement for formal approval.
- 13 During the work auditing the Councils 2022/23 accounts, Grant Thornton noted that the 2023 AGS did not reflect the key recommendations made in the interim Value for Money (VfM) report received by Committee in November 2023. This was to the Committee's approval of the 2023 AGS in September of that year, prior to the recommendations being received. However, reference to these key recommendations, and to the management responses included in the external auditors VfM report, has now been added to part 4 of the 2024 AGS.

### What are the resource implications?

- 14 This report provides assurance that arrangements in place support the sustainable use of the Council's resources.

### What are the key risks and how are they being managed?

- 15 This report provides assurance that the Council has effective arrangements for the management of risk but recognises that this framework cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

### What are the legal implications?

- 16 Regulation 3 of the Accounts and Audit Regulations 2015 obliges the Council to ensure it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangement for the management of risk.

17 The review of internal control detailed has carried out in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, and proper practice as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice: Delivering Good Governance in Local Government (2016).

## **Options, timescales and measuring success.**

### **What other options were considered?**

18 None as the Annual Governance Statement is a statutory requirement.

### **How will success be measured?**

19 The Annual Governance Statement will be subject to review by the Council's external auditor.

### **What is the timetable and who will be responsible for implementation?**

20 Regulations require approval of the final AGS by 30<sup>th</sup> September 2024. This report seeks to advise Committee that the information included in the attached Appendix will represent the information intended to be carried forward as the final AGS, however we also reflect that this is a working document and cannot be seen as complete until the Council's accounts for this period are received at Committee.

## **Appendices**

- Appendix A – Annual Governance Statement 2024 – Final Draft

## **Background papers**

- None