

Interim Annual Governance Statement

Date: 29 July 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 (Appendix A) is shared with the committee for information prior to finalisation following the period of public deposit.

The final Annual Governance will be submitted to Committee for approval at its September meeting.

Recommendations

- a) Corporate Governance and Audit Committee are asked to consider and note the contents of the Interim Annual Governance 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.
- 2 The report presents the Interim Annual Governance Statement which was published for public inspection on Monday 17th June 2024.

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).

Local Code of Corporate Governance.

- 4 In March 2022, the committee approved the Local Code of Corporate Governance (The Code) which is reviewed in line with and meets the requirements of proper practice. The Code sets out Seven Principles (derived from the Delivering Good Governance in Local Government: Framework (CIPFA / Solace 2016), which is a best practice framework for developing and maintaining a locally adopted code of governance) each of which is supported by a set of commitments.

Corporate Governance Framework and Assurance Map.

- 5 In June 2024, in accordance with paragraph 4.2 of the Code, committee received the corporate governance framework and assurance map, articulating the arrangements in place to meet each principle and commitment (the Governance Framework), and the evidence to provide sufficient assurance that the effectiveness of these arrangements has been monitored and evaluated in the year (the Assurance Map) and can be shown to be effectively embedded and complied with.
- 6 Whilst not intended to provide an exhaustive list of arrangements, or of the evidence available, the committee have sufficient information to be satisfied that those arrangements in place comply with the Code and are efficiently and effectively embedded. Separately the committee can consider the independent assurance provided by Internal Audit through their regular update reports to committee which further supports the review of internal control.

Interim Annual Governance Statement

- 7 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.
- 8 Together with the accounts and narrative statement, the AGS is required to be placed on public deposit for a period of 30 days during which the public can object, inspect, and question the local auditor in relation to these documents.
- 9 The Interim Annual Governance Statement attached at Appendix A was placed on public deposit on 17th June with the period for objections or questions to be raised ending on 26th July 2024. Whilst at the time of writing no such questions or objections have been raised a verbal update will be provided to committee at the meeting.

Action Planning

- 10 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:
- An agreed action plan showing actions taken, or proposed, to deal with significant governance issues, and
 - Reference to how issues raised in the previous year's annual governance statement have been resolved.
- 11 Members will note that section 4 of the Interim AGS provides a high-level overview of the highlights and improvement plans in relation to each principle, together with assurance that these will be reported and reviewed as appropriate to the internal control environment involved.
- 12 For completeness Members should also find attached at Appendix B a copy of the action plan developed following the 2023 review of internal control, showing the actions taken.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 13 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

- 14 The Interim Annual Governance Statement has been developed in consultation with officers with specialist oversight and expertise including the Monitoring Officer and Chief Financial Officer.
- 15 The interim AGS has been shared with the Chair of Corporate Governance and Audit Committee, and with the Leader of Council and Executive Member for Resources prior to publication.
- 16 Members of the committee now have opportunity to comment on the interim AGS prior to the finalisation of the statement for formal approval by the committee in September.

What are the resource implications?

- 17 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?

- 18 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?

- 19 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.
- 20 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?

- 21 None as the annual governance statement is a statutory requirement.

How will success be measured?

- 22 The Annual Governance Statement will be amended considering any questions or comments received, and the action plan updated prior to presentation to committee for approval.
- 23 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?

- 24 Regulations require approval of the final AGS by 30th September 2024.

Appendices

- Appendix A – Interim Annual Governance Statement
- Appendix B – Action Plan 2023 Reported Outcomes

Background papers

- None