

Meeting:	Audit and governance committee
Meeting date:	Thursday 30 July 2020
Title of report:	Draft Annual Governance Statement 2019/20
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To seek the views of the committee as to whether the draft annual governance statement 2019/20 properly reflects the risk environment the council is operating in and the appropriateness of any actions required to improve it.

The council is required to publish a statement annually which explains to the community, service users, tax payers and other stakeholders our governance arrangements and how the controls we have in place manage risks of failure in delivering our outcomes and reflecting our particular features and challenges. The draft statement is attached at appendix 1 and sets out the arrangements we have in place, the outcome of an initial review of their effectiveness, and actions we are taking to make improvements.

The draft was be published with our draft statement of accounts in June 2020.

Recommendation(s)

That:

- (a) the committee determines whether the draft annual governance statement at appendix 1 properly reflects the risk environment the council is operating in and that actions identified are an appropriate response.**

Alternative options

1. There are no alternatives to publishing an annual governance statement, which is a requirement of the Accounts and Audit Regulations 2015.
2. It is open to the committee to propose amendments to the draft statement to ensure it accurately reflects the council's governance arrangements and their effectiveness, and to ensure that proposed actions are appropriate.

Key considerations

4. The council is required to publish a statement annually which explains to the community, service users, tax payers and other stakeholders our governance arrangements and how the controls we have in place manage risks of failure in delivering our outcomes and reflecting our particular features and challenges.
5. The preparation and publication of the annual governance statement has been carried out in accordance with the guidance produced by the Chartered Institute of Public Finance and Accountancy: 'Delivering Good Governance in Local Government'.
6. The guidance advises that statements should be meaningful but brief, high level, strategic and written in an open and readable style, and should include:
 - an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance
 - reference to and assessment of the effectiveness of key elements of the governance framework (set out in the code of corporate governance) and the role of those responsible for the development and maintenance of the governance environment, such as the council, the executive, the audit committee, internal audit and others as appropriate
 - an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework
 - an agreed action plan showing actions taken, or proposed, to deal with significant governance issues
 - a commitment to monitoring implementation as part of the next annual review
6. Reference should also be made to the issues raised in the previous year's annual governance statement and how they have been resolved. To that end attached is the outturn of actions for last financial year. Where actions have not been completed or delayed these have been included in forthcoming annual governance statement.
7. The timetable for production and publication of the statement was agreed at Audit and Governance committee on 28 January 2020. However, the Covid-19 emergency disrupted the timetable which has been followed within the national guidance. The draft was published with the annual accounts on 26 June 2020, and a final draft will be brought to this by November 2020.
8. There are a number of additional items that will influence the final draft:

- Director's assurance based review of manager's checklist and strategic partnerships - this will be in the form of a statement by each director
 - View of external auditor, head of internal audit and independent persons
 - View of Audit and Governance Committee
 - View of Herefordshire Council cabinet.
7. The format of the statement changed to be more "user friendly" and utilised use of hyperlinks for any committee member or member of the public wishes further information. The links also prove a form of evidence.
8. The key changes during the year cover:
- Use of emergency powers for flooding which had a devastating effect on property and people's lives, along with use high level of emergency powers toward the end of the financial year in questions relating to Covid-19.
 - A new County Plan was produced and agreed (formally the Corporate Plan) outlining intension for the next four years.
 - Policy changes included Financial and Contractual procedural, Anti-Fraud, Bribery and Corruption Policy, Medium Term Financial Strategy, along with publication of the Modern Slavery Statement with outline commitment from cabinet.
 - Ofsted conducted two reviews of social care with the service producing improvement plans in response.
 - Full council agreed a review of governance that will take place during 2020/21.
 - A focus was on improving the delivery of the capital programme including pace and decision making.
 - Restructure of the commercial team to provide additional support for contract management advice and monitoring, and establish a pipeline of procurements.
9. Areas of improvement at outlined in summary and continuous improvement and within the action plan at the end of the document.

Community impact

9. Corporate governance is the term used to describe the systems, processes, culture and values the council has established to ensure we provide the right services, to the right people in a timely, open, and accountable way. Good corporate governance encourages better informed longer-term decision making using resources efficiently, and being open to scrutiny with a view to improving performance and managing risk.
10. The annual review ensures that our arrangements are effective in supporting achievement of the council's vision and corporate plan priorities

Equality duty

11. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
12. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a factual report on improvement action progress, we do not believe that it will have an impact on our equality duty.

Resource implications

13. None associated with the recommendations. If the committee proposes further actions, the resource implications of implementing those actions will need to be considered.

Legal implications

14. The Accounts and Audit Regulations 2015 include a requirement for all councils to produce an annual governance statement, and set out the timescales by which they must be published. The draft statement ensures that the council will comply with these requirements.

Risk management

15. The statement itself identifies any high level or strategic governance risks and the action plan provides mitigation to those risks.

Consultees

17. The draft statement has been informed by the views of the statutory officer assurance and reflections of audit findings during the year. The final draft brought back to this committee will also reflect the view of external auditor, head of internal audit and independent persons.

18. Appendices

Appendix 1 – Draft Annual Governance Statement 2019/20

Appendix 2 –Annual Governance Statement 2018/19 Action Plan

Background papers

None identified.