

Title of report: Annual Governance Statement – Draft for 2020/2021

Meeting: Audit and governance committee

Meeting date: Friday 30 July 2021

Report by: Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

All wards

Purpose

To seek the views of the committee as to whether the draft annual governance statement (AGS) for 2020/21 properly reflects the risk environment the council is operating in and the appropriateness of any actions required to improve it. The draft will be published with the draft statement of accounts.

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.

In addition, as part of preparation work for the AGS significant partnerships are reviewed and the report outlines the register of partnership and any gaps in controls.

Recommendation(s)

That:

- a) The committee determines whether the draft annual governance statement in appendix 1 properly reflects the risk environment the council is operating in and that actions identified are an appropriate response; and**
- b) The committee considers the register of significant partnerships and actions any gaps in controls for the one outstanding self-assessment.**

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. The committee made no recommendations for substantive change when approving the draft.

Key considerations

- 3. The council is required to publish a statement annually which explains how the controls the council has in place manage risks of failure in delivering outcomes and decision making.
- 4. 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'.
- 5. The guidance advises that statements should be meaningful but brief, high level, strategic and written in an open and readable style, and should include:
 - a) 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.
 - b) 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.
 - c) 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.

- d) an agreed action plan showing actions taken, or proposed, to deal with significant governance issues.
 - e) reference to how issues raised in the previous year's annual governance statement have been resolved.
 - f) a commitment to monitoring implementation as part of the next annual review.
6. There are several components that contribute to the draft AGS as follows:
- a) Statutory officer comments;
 - b) Manager's checklist to inform each director's statement;
 - c) Self-assessment of significant partnership.
7. The manager's checklist has been completed at assistant director level, with opportunity for other managers to complete from. This is then forwarded to the director in each directorate (or monitoring officer in the corporate centre) to review and contribute to their own statement.
8. A self-assessment of significant partnerships is also completed, and reviewed by the directors or assistant directors in the corporate centre. Based on experience last year of completing the self-assessment and recommendations of a SWAP audit, the process and requirement have been improved. This includes removing from the list "partnerships" that had other forms of governance e.g. if a contract relationship, or managed through the council's governance. The list of significant partnerships is below.

Partnership	Directorate	Complete
Adoption Central England	Children and Families	yes
Children and young people's partnership executive group	Children and Families	yes
Herefordshire Community Safety Partnership	Children and Families	yes
Cyber Quarter Limited (Midlands Centre for Cyber Security)	Economy & Place	yes
Development Regeneration Partnership – Engie	Economy & Place	yes
Development Regeneration Partnership - Keepmoat	Economy & Place	yes
Fastershire	Corporate	yes
Herefordshire Local Nature Partnership	Economy & Place	yes
Hereford Towns Fund Board	Economy & Place	yes
Herefordshire Safeguarding Adults Board	Adults and Communities	Yes
Herefordshire Children Safeguarding Partnership Board	Children and Families	yes
Local Family Justice Board	Children and Families	no

Malvern Hills AONB advisory board	Economy & Place	yes
Marches LEP	Economy & Place	yes
Midlands Connect	Economy & Place	yes
NMiTE / Herefordshire Council Strategic Working Group	Economy & Place	yes
West Mercia Local Resilience Forum (LRF)	Corporate	yes
ICS Shadow Board- Herefordshire and Worcestershire	Corporate	yes
Waste Partnership	Economy & Place	yes
West Mercia Energy	Economy & Place	yes
West Midlands Rail Executive	Economy & Place	yes
Wye Valley Area of Outstanding Natural Beauty (AONB)	Economy & Place	yes

9. If there are concerns with the self assessment there are three options:
 - a) Request the link officer and director relevant to the partnership to report to audit and governance committee on the partnership;
 - b) Commission a SWAP audit on the partnership;
 - c) Request fuller details from the self-assessment.
10. From the 2019/20 AGS presented to audit and governance committee (draft) on 30 July 2020 there were a number of actions. The progress on those actions is in appendix 2.

Community impact

11. 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.
12. The annual review ensures that our arrangements are effective in supporting achievement of the council's vision and county plan priorities.

Environmental impact

13. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

14. Whilst this is a decision to agree the AGS which is a back office function and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

15. 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.
16. 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 progress report, we do not believe that it will have an impact on our equality duty.

Resource implications

17. Whilst the recommendations themselves do not have a direct resource implication, some of the actions may result in additional expenditure. Where this is the case separate governance will take place. The AGS does take resource to produce and deliver action plans but these are from existing staffing. If the committee proposes further actions the resource implications of implementing those actions will need to be considered.

Legal implications

18. The Accounts and Audit (England) Regulations 2015 include a requirement for all councils to produce an AGS, and set out the timescales by which they must be published. Approval of the statement ensures that the council will comply with these requirements.

Risk management

19. The statement itself identifies any high level or strategic governance risks and the action plan provides mitigation to those risks. There has been a risk to the production of the AGS because of the need to address the immediate demands of Covid-19.

Risk / opportunity	Mitigation
Not all information is captured.	There are several routes to collecting information – including additional feedback to finalise the AGS
Not all gaps in assurance is covered.	Where there are gaps in information internal audit will be considered; inspections and peer reviews.
Resources to implement.	Though no direct resource implications additional activity may lead to a resource impact.

Consultees

20. The consultees have largely been internal, with internal and external audit commenting on the draft. Independent persons will be asked for their view on the draft AGS, along with internal and external audit. This will influence to final version due to be presented to audit and governance committee.

Appendices

Appendix 1 Draft Annual Governance Statement 2020/21

Appendix 2 Progress on action for 2019/20 Annual Governance Statement

Appendix 3 Significant partnerships self-assessments

Background papers

None identified.

Glossary of terms, abbreviations and acronyms used in this report.

AGS	Annual Governance Statement
HALC	Herefordshire Association of Local Councils
MDS	Members' Development Strategy
NMITE	New Model Institute for Technology and Engineering
PMO	Programme Management Office
SWAP	South West Audit Partnership