

Title of report: Annual Governance Statement – Final for 2019/2020

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 agree the annual governance statement 2019/20.

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 July 2020, the audit and governance committee approved the draft statement for publication with the draft statement of accounts.

The draft statement has been reviewed having regard to the external auditor's findings and the internal auditor's annual report and opinion, and includes a summary of progress made against actions agreed in response to the previous year's statement. The draft statement is attached at appendix 1 and, for ease of reference, appendix 2 tracks changes made since the draft statement was reviewed by the committee in March.

This report has been considerably delayed due to seeking opinion from external auditors on value for money.

Recommendation(s)

That:

- a) the annual governance statement 2019/20 at appendix 1 be approved.**

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 to the community, service users, tax payers and other stakeholders our governance arrangements, how the controls the council has in place manage risks of failure in delivering our outcomes, and reflecting our particular features and challenges.
4. At its meeting on 30 July 2020 audit and governance committee considered a draft statement which had been published with the draft statement of accounts. The time table has been altered to account for managing the Covid-19 pandemic. This report was since delayed returning to the audit and governance committee as a final version due to seeking the audit opinion of the external auditors on completing their work in determining value for money. The issues of value for money is raised in this report and further reflected in the 2020/21 annual governance statement.
5. Based on the draft each director is requested to make an assurance statement, along with the S151 officer and monitoring officer. The statements by the directors were made in October 2020 as a reflection of the current time – whilst they could be updated (particularly what has come to light regarding children's social care) that would be a distortion of history. This is not a statement covering 2020/21. Both the S151 officer and monitoring officer have reviewed this statement and believe that it still reflects the situation as it was at the end of April 2020.
6. Since the draft was approved in 30 July 2020 (later than usual due to pandemic) a number of amendments have been made reflecting additional points. With the exception of typographical changes and formatting these have been shown as tracked changes in appendix 2 (some of the formatting has changed to meet the accessibility standards). The key additions are:
 - Change to the proposals of citizen panels to wider engagement and updated communication strategy.

- Review tightening of rules covering training, disclosure and complaint resolution for parish councillors.
 - Reframed engagement work away from an advisory group to a wider range of involvement of residents and business linked to the communication strategy.
 - Applying for external funding to be better co-ordinated via a register but also adjustment to the financial procedure rules to give guidance on managing and monitoring grants.
 - Ensure effective business unit to support Children's Safeguarding.
7. With particular reference to points made by Independent Persons on the draft report the following inclusions are made:
- Welcome is the focus on outcomes in relation to complaints but to also include "openness".
 - Of benefit would be tightening of rules covering training, disclosure and complaint resolution for parish councillors.
 - Review of employee code of conduct specifically how it has worked and views of employees.
8. The internal auditor's annual opinion is included in the statement (and appendix 3). In summary SWAP consider it is able to offer "reasonable assurance". Of specific note is the point "although no areas of significant corporate risk have been identified there has again been findings where governance processes or guidance are not always followed to ensure compliance with existing procedures in place across the council. A number of the findings relate to capital projects and contracts and particularly to Record of Officer Decisions and whether value for money can be demonstrated. Management is responsible for ensuring compliance to policies and procedures and should have oversight to address non-compliance".
9. Between the draft and this now final report being produced serious failings within children social care have been identified, and though cut across a number of years will be addressed in the 2020/21 annual governance statement. As will the improvement plan for the public realm operations and value for money.
10. The draft AGS had a number of actions with progress outlined. Actions not completed will be forwarded to future years. Non completion was mainly due to the council needing to divert resources to support the community needs effected by Covid-19.

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 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 recommendation itself does 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 annual governance statement, and set out the timescales by which they must be published. These were amended during the pandemic. 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
Covid-19 having an impact on delivery of actions due to addressing a second wave.	That there is an accepted delay in completion of actions due to resourcing.
Whilst the council has a number of “lines of defence” relating to assurance, good governance is missed because of non-compliance.	Support given to all employees need to follow the policies and processes set out by the council. Where there is a breach of compliance could ultimately lead to disciplinary action.

Consultees

20. The views of the council’s internal auditors have informed the development of the statement and their report included in the AGS (along with being previously presented to the audit and governance committee). The council’s appointed Independent Persons have been invited to provide their views on the robustness of the council’s arrangements regarding standards – there are also presented in the AGS and taken account of, see above.

Appendices

- Appendix 1 Final Annual Governance Statement 2019/20
- Appendix 2 Final Annual Governance Statement 2019/20 (with tracked changes showing)
- Appendix 3 Annual Report and Opinion 2019-20

Background papers

None identified.

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

AGS	Annual Governance Statement
CYP	Children and Young People
HALC	Herefordshire Association of Local Councils
MDS	Members' Development Strategy
PMO	Programme Management Office
SWAP	South West Audit Partnership