



## **OPEN REPORT GOVERNANCE AND RESOURCES COMMITTEE**

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**Governance & Resources Committee – 18 July 2024**

**ANNUAL GOVERNANCE STATEMENT 2023/24**

**Report of the Director of Resources**

### **Report Author and Contact Details**

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### **Wards Affected**

District-wide

### **Report Summary**

The Annual Governance Statement provides an overview of how the Council's governance arrangements operate. Governance comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community.

This report covers the annual review to ensure that governance arrangements remain effective. The report shows the extent to which the Council has complied with its own code of governance and describes significant governance issues, alongside an explanation of what actions have been taken to bring about required improvements, and what work is still to be done. This provides transparency and gives assurance that the Council is committed to continuously improve the way in which it functions.

### **Recommendations**

1. That the Annual Governance Statement for 2023/24 is approved.
2. That the significant governance issues be noted and the action plan to address them be approved.

### **List of Appendices**

Appendix 1 Annual Governance Statement 2023/24

### **Background Papers**

Accounts and Audit Regulations 2015

DDDC Code of Corporate Governance September 2015

CIPFA/SOLACE Statement "Delivering Good Governance in Local Government: Framework – 2016 Edition".

### **Consideration of report by Council or other committee**

Not required

**Council Approval Required**

No

**Exempt from Press or Public**

No

# Annual Governance Statement 2023/24

## 1. Background

1.1 Confidence in public sector governance is of critical importance given the significant investments by the government and council tax payers in local services. The Annual Governance Statement (AGS) should not be seen as a dry financial requirement, but as an important public expression of what the Council has done to put in place good business practice, high standards of conduct and sound governance.

1.2 Councils face intense pressure to deliver services in the face of inflationary pressures, increased customer demands / expectations and uncertainty in government funding levels. The [International Framework: Good Governance in the Public Sector](#) (CIPFA/IFAC, 2014) defines governance as follows:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved”.

The International Framework also states that:

- To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.
- Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

1.3 Effective governance is essential if senior officers and members are to meet these exacting challenges. Councils must produce an AGS published with the annual accounts to report publicly on how they have complied with their governance code and describe any governance issues and explain how they will be addressed.

1.4 The Accounts and Audit Regulations 2015 require local authorities to conduct a review of its system of internal control at least once a year, and, following that review, to publish an annual governance statement prepared in accordance with proper practices in relation to internal control.

1.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society for Local Authority Chief Executives (SOLACE) have jointly published guidance and a framework relating to the preparation of an AGS in ‘Delivering Good Governance in Local Government’ (the Framework). It also takes into account the introduction of the CIPFA Financial Management Code (FM Code).

## 2. Key Issues

2.1 The Annual Governance Statement for 2023/24 is attached at Appendix 1. It is consistent with the CIPFA/SOLACE publication ‘Delivering Good Governance in Local Government’. The layout of the Annual Governance Statement reflects the layout of the Council’s Code of Corporate Governance and the

CIPFA/SOLACE guidance.

2.2 The Annual Governance Statement describes the key elements of the governance framework and the process that has been applied in maintaining and reviewing the effectiveness of the governance framework. Section 6 of the AGS identifies the following **five** significant governance issues and provides an action plan to show how they will be addressed:

1. There is a budget gap for future years as identified in the Medium-Term Financial Plan;
2. Improvements are required in our data protection arrangements;
3. Arrangements for grant claims and ensuring that systems are in place to meet grant conditions need to be strengthened;
4. Arrangements for procurement need to be strengthened;
5. An investigation into a complaint against the Council has identified areas of learning where improvements are required to ensure openness and transparency.

2.3 In accordance with proper practice, the Annual Governance Statement must be signed by the Leader of the Council and by the Chief Executive, who must be satisfied that the document is supported by reliable evidence and accurately reflects the Council's governance arrangements. The role of the Governance & Resources Committee is to be satisfied that the Annual Governance Statement properly reflects the risk environment and any actions required to improve it, and to demonstrate how governance supports the achievements of the authority's objectives.

### **3. Options Considered and Recommended Proposal**

3.1 Not applicable.

### **4. Consultation**

4.1 The Corporate Leadership Team, Head of the Internal Audit Consortium and other key officers have been consulted during the preparation of this Annual Governance Statement.

### **5. Timetable for Implementation**

5.1 The timetable for the implementation of the action plan is set out in part 6b of the Annual Governance Statement.

### **6. Policy Implications**

6.1 Preparation of an Annual Governance Statement helps to identify principal risks to the achievement of the Council's objectives and priorities.

### **7. Financial and Resource Implications**

7.1 It is expected that measures to deliver the action plan can be contained within existing budgets. If that proves not to be the case, a report will be presented to

a future Committee or Council meeting, when financial risks will be assessed. The financial risk arising from this report is low.

- 7.2 While there are resource implications in delivering the action plan (and some have been brought forward from 2022/23 and delayed due to a lack of capacity caused by the pandemic, subsequent backlog of work and by vacant posts that were difficult to fill), it is now considered that sufficient capacity is in place to address the actions during 2024/25.

## **8. Legal Advice and Implications**

- 8.1 The Council's Framework for Corporate Governance requires the Council to put in place effective arrangements for an objective review of risk management and internal control. This Statement helps to satisfy that requirement.
- 8.2 This report details the Annual Governance Statement for 2023/24.
- 8.3 There are two recommended decisions contained in this report. The legal risk connected to these decisions has been assessed as low.

## **9. Equalities Implications**

- 9.1 None

## **10. Climate Change Implications**

- 10.1 None

## **11. Risk Management**

- 11.1 The Annual Governance Statement gives the Council an opportunity to reflect and report publicly on the extent to which it has complied with its own code of governance. This process helps to identify principal risks to the achievement of the Council's objectives.

### **Report Authorisation**

Approvals obtained from Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Paul Wilson	10/07/2024
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	10/07/2024
Monitoring Officer (or Legal Services Manager)	Helen Mitchell	9/7/2024