

Corporate Governance and Standards Committee Report

Wards affected: n/a

Report of the Director of Strategic Services

Author: John Armstrong (Democratic Services and Elections Manager)

Tel: 01483 444102

Email: john.armstrong@guildford.gov.uk

Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: joss.bigmore@guildford.gov.uk

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Annual Governance Statement 2020-21

Executive Summary

The Accounts and Audit Regulations 2015 require the Council to prepare an Annual Governance Statement (AGS) detailing the governance framework and procedures that have operated at the Council during the year, a review of their effectiveness, significant governance issues that have occurred and a statement of assurance. This report outlines the background to the AGS; and sets out in Appendix 1, the AGS for 2020-21. The AGS is underpinned by the Annual Opinion Report (April 2020 to March 2021) prepared by KPMG, who are the Council's internal audit managers, which was considered by the Committee at its meeting held on 25 March 2021.

The draft AGS will be included in the Council's statement of accounts for 2020-21. The AGS acknowledges the significant challenges (both financial and organisational) placed on the Council due to the Covid 19 pandemic, which came at a time when the Council was undergoing a major organisational transformation (Future Guildford), and the need to return to the good governance practices and processes that the Council normally prides itself upon. The significant governance issues identified during the year, are reported in Appendix 1 section 6.

Where we have identified areas for further improvement, we will take the necessary action to implement changes that will further develop our governance framework.

This report was also considered by the Executive at its meeting on 20 July 2021. The Executive has commended the AGS to the Committee for adoption, subject to the following comments:

- (a) In Part A of the table in Section 3 of the AGS, the Corporate Governance & Standards Committee does not appear to have considered the Email Signature Guidance for Councillors proposed by the Corporate Governance Task Group.
- (b) In Part B of the table in Section 3 of the AGS, add the following:
 - "The Council has a petition scheme to enable anyone who lives, works, or studies in the borough to create paper petitions, or use the e-petition

facility, to ask the Council to take action in respect of any matter on which we have functions, powers, or duties.”

- (c) The Corporate Governance and Standards Committee to receive a mid-year update report on significant governance issues that arose in the financial year relating to the AGS.

Recommendation to Committee:

That, subject to consideration of the comments from the Executive, the Committee adopts the Council’s Annual Governance Statement for 2020-21, as set out in Appendix 1 to this report, and publishes the Annual Governance Statement alongside the adopted statement of accounts for 2020-21.

Reason for Recommendation:

To comply with the Accounts and Audit Regulations 2015, the Council must prepare, approve, and publish an Annual Governance Statement.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 This report explains the requirement for the Council to prepare an Annual Governance Statement (AGS), which the Committee is asked to approve, and the Leader and Managing Director to sign on behalf of the Council.

2. Strategic Framework

- 2.1 Ensuring long-term financial stability and sound financial governance is a key priority under the ‘Your Council’ theme within the Corporate Plan.

3. Background

- 3.1 The Council has a responsibility to ensure that it conducts its business in accordance with the law and proper standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 3.2 In discharging these overall obligations, the Council is responsible for putting in place appropriate arrangements for the governance of its affairs and ensuring that there is a sound system of internal control that facilitates the effective exercise of its functions and includes arrangements for the management of risk. The overall system of controls across the Council contributes to the effective corporate governance of the organisation.
- 3.3 The Democratic Services and Elections Manager has drafted the statement in consultation with the Head of Paid Service, the Chief Finance Officer, the Monitoring Officer, and Neil Hewitson of KPMG (as the Council’s internal audit manager).
- 3.4 Good governance is about getting things right first time by focusing on the things that matter most. It is about:

- demonstrating leadership and respect for the democratic process and the purpose of public bodies making proper, timely, and transparent decisions
- managing risk and allocating resources effectively
- knowing your customers and stakeholders
- being open, honest, and taking responsibility and accountability for your decisions
- demonstrating high standards of integrity and behaviour both as an individual and as a corporate body.

3.5 Good governance is the responsibility of everyone within the organisation and impacts on all the activities of the Council and how we deliver our services.

3.6 The Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) have defined a common governance framework and a set of principles for all public services, called *Delivering Good Governance in Local Government*. During 2016, they issued an update to the framework. The AGS attached at **Appendix 1** follows the 2016 updated framework and the key principles of good governance provided therein.

3.7 As part of the AGS, we have identified a number of significant governance issues that the Council is working on resolving. These are outlined in section 6 of Appendix 1.

4. Financial Implications

4.1 There are no financial implications related to this report

5. Legal Implications

5.1 In order to comply with Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015, the Council must prepare an AGS in respect of each financial year. A committee of the Council, or the Council itself, may approve the AGS.

5.2 At its extraordinary meeting on 6 July 2021, the Council agreed to amend the terms of reference of this Committee to include the consideration and approval of the AGS in advance of the formal approval of the Council's Statement of Accounts.

5.3 Regulation 10 of the 2015 Regulations requires the Council to publish the AGS alongside the adopted statement of accounts each year.

5.4 The government introduced changes to the 2015 Regulations as a consequence of the pandemic to extend the statutory audit deadline for 2020-21 and 2021-22 for all local authorities. The publication date for audited accounts will move from 31 July to 30 September 2021 for all local authority bodies.

6. Human Resource Implications

6.1 There are no human resource implications to this report.

6.2 We will work with the Communications team on any communications issues that arise.

7. Conclusion

7.1 During 2020-21, the Council faced unprecedented challenges from COVID, with significant and varied operational pressures. In addition, the Future Guildford programme of transformation and re-organisation remains ongoing and as part of this the Council has further system implementations. Against this challenging backdrop of the pandemic alongside organisational transformation, during 2020-21 the Council received seven 'partial assurance with improvements required' reports, including in the areas of core financial control, risk management and data quality.

7.2 With the pandemic restrictions coming to an end and the organisational transformation and new systems being embedded, the Council will strive to make significant improvements in its governance framework moving forward.

8. Background Papers

Delivering Good Governance in Local Government (2016) (CIPFA/SOLACE)

9. Appendices

Appendix 1: Annual Governance Statement 2020-21