

Guildford Borough Council

Report to: Corporate Governance and Standards Committee

Wards affected: n/a

Report of the Director of Transformation and Governance

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Annual Governance Statement 2022-23

1. Executive Summary

1.1 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 2022-23. The AGS is underpinned by:

- the Annual Opinion Report (April 2022 to March 2023) prepared by KPMG, who were the Council's outsourced internal audit managers, which was considered by the Corporate Governance & Standards Committee at its meeting held on 15 March 2023.
- a self-assessment of the Council's compliance with the CIPFA Financial Management Code will be updated in due course in line with the financial recovery plan

- 1.2 The draft AGS will be included in the Council's statement of accounts for 2022-23. The AGS acknowledges the ongoing significant challenges (both financial and organisational) placed on the Council due to the Covid 19 pandemic, and following the major organisational transformation (Future Guildford) which was completed in August 2021, as well as the Collaboration with Waverley Borough Council in which the first phase (Joint Management Team) was completed in October 2022. It recognises 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, under the headings of Contract management issues, financial recovery plan, compliance with the CIPFA Financial Management Code and the Guildford and Waverley collaboration.
- 1.3 Where we have identified areas for further improvement, we will take the necessary action to implement changes that will further develop our governance framework.

2. Recommendation to Committee:

- 2.1 That the Committee adopts the Council's Annual Governance Statement for 2022-23, as set out in Appendix 1 to this report, and publishes the Annual Governance Statement alongside the adopted statement of accounts for 2022-23.

3. Reason for Recommendation:

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

4. Exemption from publication

- 4.1. No.

5. Purpose of Report

- 5.1 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 Joint Chief Executive sign on behalf of the Council.

6. Strategic Framework

- 6.1 Our Core Values state that we will spend money carefully and deliver good value for money services and that we will ensure that our councillors and staff uphold the highest standards of conduct.

7. Background

- 7.1 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.
- 7.2 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.
- 7.3 The Deputy CFO has drafted the statement in consultation with the Head of Paid Service, Interim S151 officer, Corporate Management Board, the Monitoring Officer, and the Democratic Services and Elections Manager.
- 7.4 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.

- 7.5 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.
- 7.6 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.
- 7.7 In 2020, CIPFA issued the Financial Management Code and its respective guidance notes which set out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, seek to achieve. The code is designed to be flexible to the nature, needs and circumstances of individual authorities. The code applied a principles-based approach to good financial management for an authority based on the size, responsibilities and circumstances of each authority. The principles are:
- Leadership
 - Accountability
 - Transparency
 - Adherence to professional standards
 - Sources of assurance
 - Long term sustainability of local services
- 7.8 In preparing the AGS and assessing the governance framework, the Council is required to demonstrate its compliance with the code. The self assessment for 2022/23 has not yet been undertaken but will be updated in due course taking into account the actions from the financial recovery plan.
- 7.9 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. The key areas are Contract management issues, financial recovery plan, compliance with the CIPFA Financial management code and the Guildford and Waverley collaboration.

8 Financial Implications

8.1 There are no direct financial implications arising from this report.

9 Legal Implications

9.1 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.

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

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

10 Human Resource Implications

10.1 There are no human resource implications to this report. We will work with the Communications team on any communications issues that arise.

11 Conclusion

11.1 The Council has seen significant change since the pandemic and more recently the start of the collaboration with Waverley Borough Council.

11.2 The Council will strive to make significant improvements in its governance framework moving forward. Such improvements will be undertaken in coordination with Waverley Borough Council, where appropriate, as part of the collaboration programme.

12 Background Papers

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

Corporate Governance and Standards Committee 15 March 2023: Item 7 – Internal Audit Progress report (including the Head of Internal Audit Opinion 2022/23)

13 Appendices

Appendix 1: Annual Governance Statement 2022/23