

Guildford Borough Council

Report to: Corporate Governance and Standards Committee

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Wards affected: n/a

Report of the Joint Strategic Director of Finance

Author: Solomon Akuffo

Tel: 01483 444891

Email: solomon.akuffo@guildford.gov.uk

Lead Councillor responsible: Julia McShane

Email: julia.mcshane@guildford.gov.uk

Annual Governance Statement 2023-24

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 2023-24. The AGS is underpinned by:

- the Annual Opinion Report (April 2022 to March 2023) prepared by Southern Internal Audit Partnership, who are the Council's outsourced internal audit managers, which was considered by the Corporate Governance & Standards Committee at its meeting held on 25 July 2024; and
- a self-assessment of the Council's compliance with the CIPFA Financial Management Code.

1.2 The draft AGS will be included in the Council's statement of accounts for 2023-24. The AGS acknowledges the ongoing significant financial and organisational challenges placed on the Council. It also recognises the need to return to the good governance practices and processes that the Council normally prides itself upon. The arrangement the council has for delivering good governance in light of the recently published solace report is detailed in Appendix 1, together with recent achievements and progress made.

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 2023-24, as set out in Appendix 1 to this report, and publishes the Annual Governance Statement alongside the adopted statement of accounts for 2023-24.

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 A key priority of the Council's Corporate Strategy is to ensure that we are a resilient and well-managed council. The Annual Governance Statement provides an indication as to how we are progressing with and working towards meeting this priority.

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 This statement has been drafted in consultation with the Head of Paid Service, the S151 officer, Corporate Management Board, and the Monitoring Officer.

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 2023/24 has not yet been undertaken but will be updated in due course.

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. The AGS supports strong governance arrangements within the Council and the corporate priorities.
- 9.2 In accordance with the regulations a committee of the Council, or the Council itself, may approve the AGS. 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 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 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)

13 Appendices

Appendix 1: Annual Governance Statement 2023/24