

Review of the Council's Draft Annual Governance Statement 2022/23

Audit & Scrutiny Committee Tuesday, 26 September 2023

Report of: Head of Legal Services & Monitoring Officer

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

To provide an opportunity for the Committee to consider the Council's Draft Annual Governance Statement for 2022/23 before it is brought back to Committee for formal approval.

The final version will then go forward to the Leader and Chief Executive for signature.

This report supports the Council's priority of: Building a better Council

Recommendation to Committee:

To note the contents of the report and make any comments to the draft Annual Governance Statement 2022-23 (Appendix A).

Reason for recommendation:

The Accounts & Audit (England) Regulations 2015 require that the Council present its audited Statement of Accounts along with its Annual Governance Statement ('AGS') for approval annually. Ordinarily, the deadline for this would be the 31st July. This is delegated to this Committee under its terms of reference in the Council's Constitution. For 2022/23, this deadline has been extended to the 30th September 2023 due to issues being experienced in the local authority audit sector. The Council (along with a significant number of other local authorities) will not meet the deadline for approval of its 2022/23 final accounts due to the impact of the local authority audit backlog. The draft 2022/23 accounts will be circulated to Members outside of this Committee meeting for information and consideration when complete. In the meantime, it is good practice to submit a draft AGS by the

deadline. It is the intention that both the Accounts and the AGS will be brought to future meetings for formal approval following the completion of the external audit.

Introduction and background

- 1 The CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of Corporate Governance and prepare a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.
- 2 The Annual Governance Statement ('AGS') should assure the residents of Tandridge that the Council operates in accordance with the law and has due regard to proper standards of behaviour and that it safeguards the public purse. The draft AGS 2022-23 at Appendix A is being presented here for comment before final approval by this Committee in November 2023.
- 3 The format of the AGS to a large extent is dictated by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) framework 'Delivering Good Governance in Local Government'.
- 4 An AGS should be public facing. Guidance issued by CIPFA says it should be high level, strategic, meaningful and brief. It should be written in an open and readable style. As part of this year's review, several references to the Council's respective webpages have been included in an attempt to shorten the statement.
- 5 The AGS must be published alongside the Statement of Accounts and should reflect the governance in the year just concluded. The AGS is normally prepared alongside the timeline for producing the Statement of Accounts. While the Council's Accounts for 2022/23 are delayed, our External Auditors nevertheless need to see an agreed version of an AGS during the preparation of their assessment.
- 6 In terms of overall corporate governance, it is the Head of Legal's opinion that with the information she has received to date the overall governance arrangements of the Council are sound. The AGS is informed by the self-assessment of compliance against the principles of good governance by the Extended Management Team and a review and consideration by Statutory Officers. Input from internal audit and external audit is still outstanding.
- 7 It should be noted that following the Audit Report on the 2021/22 AGS, the draft AGS has been enhanced for 2022/23 to provide greater detail on how the Council ensures its governance arrangements in place are appropriate and adequate and are functioning effectively. Also, the Local Code of Corporate Governance ('the Code') has been updated and strengthened in places. A separate report on the Code is also being presented to this September Committee.

Key implications

Comments of the Chief Finance Officer

There are no direct financial implications arising from this report. The Annual Governance Statement is a key requirement of the final published Financial Statements. It is therefore vital that we have a relevant statement, signed off by the Leader and Chief Executive that supports the standards of good governance within the Council.

Comments of the Head of Legal Services

The Accounts and Audit Regulations 2015 require councils to undertake an annual review of their governance. The Regulations require that an Annual Governance Statement, prepared to fulfil this requirement, should form part of the Council's Statement of Accounts. The Regulations also state that the Annual Governance Statement should be prepared in accordance with proper practices. Compliance with the CIPFA guidance fulfils this requirement. The format of the Draft AGS reflects the good practice guidance from CIPFA.

Equality

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; and
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public-sector equality duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in its decision making in the design of policies and in the delivery of services.

The Code does not impact directly on this duty but requires that any activity carried out under the Code complies with the relevant equality policies.

Climate change

There are no climate change implications arising directly from the proposed policy.

Appendices

Appendix A – Draft Annual Governance Statement

Background papers

None.

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