

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

Audit & Scrutiny Committee Tuesday, 24 September 2024

Report of: Head of Legal Services & Monitoring Officer

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

To present to Committee the latest draft of the Council's Annual Governance Statement 2023/2024 ('AGS') (Appendix A). It is a function of this Committee to monitor and review the corporate governance of the Council.

This report enables the Committee to be sighted on the arrangements and preparations of the draft AGS to ensure that statutory requirements and professional standards can be met in line with the Committee's Terms of Reference.

This report supports the Council's priority of: Putting residents at the heart of what we do.

Recommendation to Committee:

To:

- a) consider the latest draft of the Annual Governance Statement 2023/24 (Appendix A) and provide any comments for incorporation into the next version, which is to be approved by the Committee on the 5 December 2024.
 - b) review and comment on the progress made against the actions contained in the AGS (Appendix B).
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Reason for recommendation:

The Annual Governance Statement (AGS) for 2023/2024 (attached at Appendix A) has been prepared by members of the Extended Management Team ('EMT').

EMT is made up of heads of service who are directly responsible for governance aspects.

The AGS complies with the Delivering Good Governance in Local Government Framework: (CIPFA/SOLACE, 2016) and demonstrates the system of internal controls which have been in place within the Council for the year ending 31st March 2024 and provides examples of how the Council demonstrates compliance with good practice and meets the core and sub principles of effective governance. The AGS also provides details on the assurances taken during the year on the effectiveness of the Council's governance arrangements.

The Council (along with a significant number of other local authorities) will not meet the deadline for approval of its 2023/24 final accounts due to the impact of the local authority audit backlog. The draft 2023/24 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 of 30th September 2024 and to have it published on the Council's webpage for public inspection.

It is the intention that both the Accounts and the final AGS, incorporating any required post audit amendments, will be presented to Audit & Standards, in line with the accounts, to recommend for approval.

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 Good corporate governance requires the active participation of Members and Officers across the Council. These arrangements are reviewed on an annual basis and the findings used to update the Annual Governance Statement ('AGS'). This helps to ensure the continuous improvement of the Council's corporate governance culture. The inclusion of the AGS within the Statement of Accounts provides an overall assessment of the Council's corporate governance arrangements and an appraisal of the controls in place to manage the Council's key risks and identifies where improvements need to be made.
- 3 The AGS should also assure the residents of Tandridge that the Council operates in accordance with the law, has due regard to proper standards of behaviour and that it safeguards the public purse.
- 4 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'.

- 5 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.
- 6 The AGS contains:
 - An update on the progress made during 2023/2024 against the improvement areas that were identified during the development of the 2022/2023 AGS (Appendix B – Action Plan 2023-25).
 - Improvement areas proposed for 2024/2025 following the development of 2023/2024 AGS (Appendix B – Action Plan 2023-25). EMT will keep this work under review and the Head of Legal and Monitoring Officer will report back on progress to the next Committee meeting.
- 7 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 2023/24 are delayed, our External Auditors nevertheless need to see an agreed version of an AGS during the preparation of their assessment.
- 8 As the Council moves forward in delivering the priorities contained in the Corporate Plan 2024/2028, the Council's governance arrangements will continually be kept under review by the Statutory Officer Group and EMT to ensure that they remain effective.
- 9 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 as set out in the Council's Code of Corporate Governance by EMT and a review and consideration by Statutory Officers.
- 10 The Chief Internal Auditor's (Head of Southern Internal Audit Partnership) annual report and opinion was presented to the Committee on the 9 July 2024. It confirmed that the framework of governance, risk management and management control are **reasonable**.
- 11 The draft AGS for the 2023/24 financial year is attached at **Appendix A** and explains how the Council has complied with the terms of the CIPFA/SOLACE Framework (2016) for the year ended 31st March 2024.

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.

There is no requirement for an Equality Impact Assessment on this item.

Climate change

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

Risk Management

Risk management is a key component of the Council's corporate governance arrangements in supporting and maintaining a strong control environment.

Appendices

Appendix A – Draft Annual Governance Statement

Appendix B – Draft Action Plan 2023-25

Appendix C - Assurance Declaration Template

Background papers

None.----- end of report -----