
Audit and Standards Committee – 20th September 2021

Report of the Director of Finance and Legal

Annual Governance Statement

Purpose of the Report

1. This report presents the council's Annual Governance Statement (AGS) for 2020/21 which is required to be included as part of the annual Statement of Accounts and details how the council has complied with its local Code of Corporate Governance, the effectiveness of its governance framework and describes any significant governance issues and how they will be addressed.

Recommendations

2. The Committee is recommended to approve the Annual Governance Statement as set out at **Appendix A** and refer it to the Leader of the council and Chief Executive for signature.

Background

3. The international framework: Good Governance in the Public Sector 2014 defined governance as “comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved”. Members and officers must try to achieve the organisation’s objectives whilst acting in the public interest at all times.
4. The requirement to produce an AGS is contained in the Accounts and Audit Regulations 2015, and guidance is provided by the Society of Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA). The AGS encompasses all aspects of governance.
5. CIPFA/SOLACE carried out a fundamental review of their guidance during 2016 and issued “Delivering Good Governance in Local Government Framework 2016”. This provided updated guidance on what should be considered when the local code of corporate governance is produced and also on producing an Annual Governance Statement. The Framework defines the principles that should underpin the governance of each local authority, as:

- Behaving with integrity, demonstrating strong commitment to ethical values,
 - Ensuring openness and comprehensive stakeholder engagement,
 - Defining outcomes in terms of sustainable economic, social and environmental benefits,
 - Determining the interventions necessary to optimise the achievement of the intended outcomes,
 - Developing the entity's capacity, including the capability of its leadership and the individuals within it,
 - Managing the risks and performance through robust internal controls and strong public financial management,
 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
6. The overall aim is to ensure resources are directed in accordance with agreed policy and according to priorities, that there is sound decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
7. The council carried out a self-assessment against the Principles and Sub-Principles within the framework and have reported on a revised Code of Corporate Governance to the September meeting of this Committee. The AGS is constructed around these principles.
8. The Framework states that the annual governance statement should include the following:
- An acknowledgement of responsibility for ensuring that there is a sound system of governance,
 - Reference to and assessment of the effectiveness of key elements of the governance framework,
 - An assessment as to whether the governance arrangements continue to be "fit for purpose",
 - An action plan to show how identified significant governance issues are to be taken forward,
 - Reference to how issues raised in the previous year's statement have been addressed.
9. The Framework also requires that the AGS is approved at a meeting of a committee with a remit including audit or governance and signed by the Chief Executive and Leader of the council. It should then be included within the council's Statement of Accounts.

10. The guidance does not set out a definitive way of producing the AGS. The approach adopted at Dudley has been as follows:
- Key Managers were asked to provide an update for their areas on how they assess the effectiveness of their governance arrangements and the outcomes that they have delivered.
 - Carried out a review against the principles and sub-principles within “Delivering Good Governance in Local Government Framework” and updated the council’s Code of Corporate Governance.
 - Reviewed external assurance reports received e.g. Ofsted, Care Quality Commission e.t.c.
 - Reviewed the council’s self-assessments against key governance checklists.
11. The draft AGS was discussed with Strategic Executive Board (SEB) on the 22nd June 2021 and updated for their comments and published with the draft Statement of Accounts in July 2021. It has also been reviewed by External Audit as part of their work on the Statement of Accounts and their comments have been considered in the version attached at Appendix A.
12. The AGS covers the financial year 2020/21 and the subsequent period up to the sign off of the 2020/21 Statement of Accounts and therefore governance issues up to the date of approval of the audited accounts need to be considered. For this reason, SEB reviewed the draft AGS again on the 18th August 2021, but no further amendments were made.
13. The governance arrangements for the council are complex including services provided through different delivery vehicles and in partnership and therefore it is vital that governance arrangements are regularly assessed for appropriateness and effectiveness.

Finance

14. This report has no direct financial implications.

Law

15. The Accounts and Audit Regulations 2015 require that the council conduct a review at least once a year of the effectiveness of its system of internal control and produce an Annual Governance Statement (AGS).

Risk Management

16. The proposals contained in this report do not create any “material” risks.

Equality Impact

17. This report does not raise any equality issues.
18. Whilst children and young people are not directly consulted on, or involved with the development of the AGS, it will help ensure their interests are protected.

Human Resources/Organisational Development

19. There are no human resources/organisational development implications arising from this report.

Commercial/Procurement

20. There are no commercial/procurement considerations relating to this report.

Council Priorities

21. An effective framework of governance, risk management and internal control will greatly assist the Council in achieving its priorities.



Iain Newman
Director of Finance and Legal

Contact Officer: Graham Harrison
Email: Graham.Harrison@dudley.gov.uk
Telephone: 01384 815105

List of Background Papers

Appendix A: Annual Governance Statement 2020/21
Code of Corporate Governance September 2021
CIPFA/SOLACE Delivering Good Governance in Local Government Framework and Guidance Notes 2016