

 <b>Finance and Audit Scrutiny Committee</b> <b>27 November 2018</b>		<b>Agenda Item No.</b> <b>5</b>
<b>Title</b>		Annual Governance Statement 2017/18 Action Plan: Review of Progress
<b>For further information about this report please contact</b>		Richard Barr Tel: (01926) 456815 E Mail: richard.barr@warwickdc.gov.uk
<b>Wards of the District directly affected</b>		Not applicable
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b>		No
<b>Date and meeting when issue was last considered and relevant minute number</b>		This is the first time the Action Plan relating to the Annual Governance Statement 2017/18 has been considered by Finance and Audit Scrutiny Committee.
<b>Background Papers</b>	Accounts and Audit (England) Regulations 2015 Delivering Good Governance in Local Government: Framework (CIPFA in association with SOLACE, 2016) Delivering Good Governance in Local Government: Guidance Notes for English Authorities 2016 Edition (CIPFA in association with SOLACE) The Annual Governance Statement – Rough Guide for Practitioners (CIPFA Financial Advisory Network) Minutes of Senior Management Team	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality Impact Assessment Undertaken</b>	N/A: no direct service implications

<b>Officer/Councillor Approval</b>		
With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	7 Nov 2018	Chris Elliott
Head of Service	7 Nov 2018	Mike Snow
SMT	7 Nov 2018	SMT
Section 151 Officer	7 Nov 2018	As Head of Service
Monitoring Officer	7 Nov 2018	Andrew Jones
Finance	7 Nov 2018	As Section 151 Officer
Portfolio Holders	14 Nov 2018	Councillors A Mobbs & P Whiting

<b>Consultation and Community Engagement</b>	
Consultation with members and officers listed above. Plus Senior Management Team review of Annual Governance Statement Action Plan.	
<b>Final Decision?</b>	Yes
<b>Suggested next steps (if not final decision please set out below)</b>	

## 1 **Summary**

- 1.1 The purpose of this report is for Committee to review the progress that is being made in addressing the 'Significant Governance Issue' facing the Council set out in its Annual Governance Statement 2017/18. The appendix accompanying this report sets out the progress in addressing the Significant Governance Issue.

## 2 **Recommendations**

- 2.1 That Committee should review the Action Plan set out in the Appendix and confirm whether it is satisfied with the progress being made in addressing the Significant Governance Issue pertaining to the Annual Governance Statement 2017/18.

## 3 **Reasons for the Recommendations**

- 3.1 To help fulfil Members' responsibility for effective corporate governance within the Council.
- 3.2 To provide assurance to Members that the governance issue identified as part of the compilation of the Annual Governance Statement is being addressed.

## 4 **Policy Framework**

### 4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the District's Vision of making it a Great Place to Live, Work and Visit. With those objectives the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities.	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB.	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels.
<b>Impacts of Proposal</b>		
Although there are no direct policy implications, the Annual Governance Statement is an essential part of corporate governance and will be a major		

factor in shaping the Policy Framework and Council policies.		
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours.	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services.	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money.
<b>Impacts of Proposal</b>		
Although there are no direct policy implications, the Annual Governance Statement is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.		

## 4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies but description of these is not relevant for the purposes of this report.

## 4.3 **Changes to Existing Policies**

This section is not applicable.

## 4.4 **Impact Assessments**

This section is not applicable.

## 5 **Budgetary Framework**

- 5.1 Although there are no direct budgetary implications arising from this report, an effective Budgetary Framework is a key element of corporate governance. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

## 6 **Risks**

- 6.1 Risk management is an intrinsic element of corporate governance. There are various risks associated with the Significant Governance Issue and the item not being addressed satisfactorily.

## 7 **Alternative Options Considered**

- 7.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

## 8 **Corporate Governance in Local Authorities**

- 8.1 CIPFA/SOLACE emphasise that corporate governance is everyone's business and define it as:

*"How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities."* CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

- 8.2 CIPFA/SOLACE has issued a framework and guidance on delivering good governance in local government. The framework is built on the six core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. The principles in relation to local government as set out in the framework are:

- a clear definition of the body's purpose and focusing on the outcomes for the community and creating and implementing a vision for the local area;
- members and officers are working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- developing the capacity and capability of members and officers to be effective;
- engaging with local people and other stakeholders to ensure robust public accountability.

Both the Annual Governance Statement and the Council's Code of Corporate Governance reflect these six themes.

## 9 **Annual Governance Statement**

- 9.1 The production of an Annual Governance Statement is a statutory requirement for local authorities (Regulation 6 of The Accounts and Audit (England) Regulations 2015).
- 9.2 The CIPFA Financial Advisory Network has published an advisory document entitled "The Annual Governance Statement: Rough Guide for Practitioners". Its advice is that the Annual Governance Statement is a key corporate document and the most senior member and the most senior officer (Leader and Chief Executive respectively) have joint responsibility as signatories for its accuracy and completeness. It advises that it should be owned by all senior members and officers of the authority and that it is essential that there is buy-in at the top level of the organisation. It advises that the work associated with its production should not be delegated to a single officer.

9.3 The Leader and Chief Executive of the Council as signatories to the Annual Governance Statement need to ensure that it accurately reflects the governance framework for which they are responsible. In order to achieve this they will rely on many sources of assurance, such as that from:

- Members of the Council
- Deputy Chief Executives and Service Area Managers
- the Responsible Financial Officer
- the Monitoring Officer
- the Audit and Risk Manager
- performance and risk management systems
- third parties, e.g. partnerships
- external audit and other review agencies.

## 10 **The Significant Governance Issue**

- 10.1 The governance issue facing the Council has been identified from production of the statutory Annual Governance Statement and is summarised in the Action Plan element of the Annual Governance Statement for 2017/18.
- 10.2 The governance issue had not been identified at the time the accounts were initially approved by Finance & Audit Scrutiny Committee on 30 May and so did not feature in the Annual Governance Statement that accompanied those set of accounts. Since then, errors were found in the accounting statements and the statements have had to be re-presented to the Committee. This has led to the identification of a governance issue concerning production of the accounting statements. Further information this is provided is set out in another report on this evening's agenda – the "2017/18 Statement of Accounts and Audit Findings Report".
- 10.3 The appendix accompanying this report sets out the progress in addressing the Significant Governance Issue. Progress in addressing it is reported by the officer who is leading on it and has been endorsed by the Senior Management Team at a recent meeting. Further information in respect of progress in addressing the governance issue is set out in the "Update on Action Plan following Review of Closure of Accounts" report being considered by Executive tomorrow evening (29 November).