

Item

Annual Governance Statement and Local Code of Governance



To:

Civic Affairs Committee [25/11/2020]

Report by:

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Wards affected:

All

1. Introduction / Executive Summary

- 1.1 This report presents the Annual Governance Statement (AGS) for 2019/2020, and the Local Code of Corporate Governance, for consideration by the Civic Affairs Committee.
- 1.2 The purpose of this report is to report the annual review of effectiveness, provide updates on the progress from the previous year, communicate any new governance issues, and provide an update of the Local Code of Corporate Governance.

2. Recommendations

- 2.1 Members of the committee should approve the Annual Governance Statement in advance of the Statement of Accounts. To help complete this, members should note:
 - the arrangements for compiling, reporting on and signing the AGS;
 - the progress made on issues reported in the previous year;
 - the current review of effectiveness
 - the issues considered for inclusion in the current AGS;

- 2.2 Members should note and endorse the amendments to the updated Local Code of Corporate Governance;

3. Background

Scope of the AGS

- 3.1 Internal control and risk management are recognised as important elements of good corporate governance. The scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:

- The Council's policies are implemented in practice;
- High quality services are delivered efficiently and effectively;
- The Council's values and ethical standards are met;
- Laws and regulations are complied with;
- Required processes are adhered to;
- Its financial statements and other published information are accurate and reliable; and
- Human, financial and other resources are managed efficiently and effectively.

Arrangements for compiling the AGS

- 3.2 The Accounts and Audit Regulations require the Council to review its governance arrangements and prepare an AGS to accompany the Statement of Accounts. The AGS should demonstrate how we comply with our Local Code of Governance.
- 3.3 The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), have produced a framework for delivering good governance in local government. The framework guidance "Delivering Good Governance in Local Government Framework 2016" is used as a guide in compiling the AGS. We also take into account continuous best practice issued throughout the year that supplements the framework guidance.
- 3.4 The AGS is coordinated through Internal Audit, with input from the Senior Officers of the Council.
- 3.5 Assurances from the work of the Internal Audit team have been reviewed and have been used to inform the AGS and its associated action plan. A professional, independent and objective internal audit service is one of

the key elements of good governance, as recognised throughout the UK public sector.

The impact of Covid-19

- 3.6 The Statement of Accounts and Annual Governance is prepared to a timetable set in the Accounts and Audit regulations.
- 3.7 In April 2020 the Ministry of Housing, Communities and Local Government wrote to local authority chief executives to inform them that the publication date for final, audited, accounts will move from 31 July to 30 November 2020 for all local authority bodies. This was set in the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. This is illustrated in Appendix C.
- 3.8 The Annual Governance Statement primarily reflects events from the previous financial year, in this case 2019/2020, but can consider significant events up to the date that the Statement of Accounts are approved.
- 3.9 The Covid-19 pandemic commenced at the end of the 2019/2020 financial year but has had a significant impact on the Council in the following period.
- 3.10 The Council has responded to the pandemic and undertaken numerous activities which help maintain our governance arrangements. These activities contribute to many of the principals from our Local Code of Governance, such as engaging with stakeholders, determining interventions to achieve outcomes, managing risk, and adapting our internal controls.
- 3.11 Although most of these activities happened in the 2020/2021 financial year, we have reflected these in this years AGS as they are significant. Good practice guidance from our professional bodies advised that, as many of these are cross cutting, it would be good to highlight a single reference to the Covid-19 pandemic. We have included a section in the AGS for this.

Arrangements for reporting and approving the AGS

- 3.12 The Accounts and Audit regulations require the Committee to approve the AGS in advance of the Statement of Accounts.
- 3.13 The draft AGS was prepared with the Statement of Accounts. Members of the Committee were invited to a workshop and an overview of the AGS, plus governance arrangements, was presented.

- 3.14 The draft AGS was then issued to the External Auditors to review as part of the draft Statement of Accounts. No further amendments have been requested prior to the publication of this report.
- 3.15 The draft AGS outlined the key themes for opportunities to improve our governance arrangements. These have now been developed into a more detailed action plan, which reflects the latest impacts from the Covid-19 pandemic. This version of the AGS also reflects that the Council has appointed an Interim Chief Executive.
- 3.16 Members should now approve the AGS appended to this report. As the AGS is published prior to the external auditor's work being concluded, we may need to reflect any updates requested between the publication date and the meeting, although these would be expected to be minor.
- 3.17 The final, and formatted, version of the AGS will also be included in the approved and published Statement of Accounts.

Local Code of Corporate Governance

- 3.18 The preparation of the AGS and the Local Code of Governance is undertaken in accordance with the guidance published by CIPFA.
- 3.19 The framework is intended to assist authorities in ensuring their own governance arrangements are suitably resourced, there is sound and inclusive decision making and there is clear accountability for the use of resources to achieve the desired outcomes for stakeholders.
- 3.20 Guidance suggests each local authority should develop and maintain a Code of Corporate Governance based on seven core principles, supported by sub-principles that should underpin the governance structure for the whole Council.
- 3.21 The Council first adopted a Code of Corporate Governance on 25 April 2002 and it has been reviewed annually since then. The Code stands as the overall statement of the Councils corporate governance principles and commitments.
- 3.22 Significant changes were made in 2017, following revised international guidance being issued in 2016.
- 3.23 The Code has been reviewed as good practice. We have attached the revised code, and it includes tracked changes to highlight the updates. A final "clean" version will be published on our website.

4. Implications

(a) Financial Implications

None.

(b) Staffing Implications

None

(c) Equality and Poverty Implications

There are no implications.

(d) Environmental Implications

None.

(e) Procurement Implications

None.

(f) Community Safety Implications

None.

5. Consultation and communication considerations

Key officers have been consulted in compiling the draft AGS and Local Code of Governance. The draft AGS was issued to Members of the Civic Affairs Committee, and the Council's External Auditors for comment.

6. Background papers

Background papers used in the preparation of this report:

- Delivering Good Governance in Local Government (CIPFA 2016)
- Accounts and Audit (England) Regulations 2015
- CIPFA good practice guidance on AGS presentation

7. Appendices

- a) Annual Governance Statement
- b) Local Code of Governance
- c) Revised Timeline for approving documents

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Head of Shared Internal Audit Service, tel: 01223 - 458180, email: jonathan.tully@cambridge.gov.uk.