

REPORT TO: Audit & Governance Board

DATE: 7 July 2021

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

SUBJECT: Draft Annual Governance Statement - 2020/21

PORTFOLIO: Resources

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 Regulation 6 of the Accounts and Audit (England) Regulations 2015 requires that ‘a relevant authority must, each financial year conduct a review of the effectiveness of the system of internal control required by regulation 3, and prepare (and approve) an Annual Governance Statement’.
- 1.2 Best practice recommends that the review of the internal control system and the production of the Annual Governance Statement be reviewed and subsequently endorsed by an appropriate committee. The Council’s Constitution delegates this responsibility to the Audit & Governance Board.
- 1.3 This report, therefore, presents the Annual Governance Statement for 2020/21 for the Board’s approval.

2.0 RECOMMENDATIONS:

That the Board:

- (i) **Considers and approves the 2020/21 Annual Governance Statement subject to any changes or additions that members feel appropriate;**
- (ii) **Delegates authority to the Strategic Director – Enterprise, Community and Resources to make any further minor amendments to the Annual Governance Statement prior to the inclusion of the final version in the Statement of Accounts.**

3.0 SUPPORTING INFORMATION

- 3.1 The Council is responsible for ensuring that its business is conducted in accordance with legal requirements and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 3.2 The Council also has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

- 3.3 In discharging these responsibilities, the Council is responsible for ensuring that there is a sound system of governance (incorporating the system of internal control) and maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including the management of risk.
- 3.4 The governance framework 'Delivering Good Governance in Local Government' was produced during 2016 by CIPFA/SOLACE (Society of Local Authority Chief Executives). The framework sets the standard for local authority governance in the UK. As such, the Council's draft Annual Governance Statement for 2020/21 has been developed with reference to this guidance. Reference was also made to the CIPFA Bulletin 06 'Application of the Good Governance Framework 2020/21', which concerned the impact of the Covid-19 pandemic on governance in local government bodies.
- 3.5 The Annual Governance Statement provides an overview of the governance framework in place for 2020/21 and up to the date the financial statements are signed off by the Council's external auditor. A key aspect of the Annual Governance Statement is the identification of any areas where the Council's governance arrangements need to be developed further and to provide a commitment to addressing those issues.
- 3.6 The process followed in producing the draft AGS has been the same as in previous years, being led by a group of officers who have key roles in the maintenance and development of the Council's governance framework:
- Strategic Director - Enterprise, Community & Resources
 - Operational Director - Finance
 - Operational Director - Legal & Democratic Services
 - Divisional Manager - Audit, Procurement & Operational Finance
- 3.7 In producing the draft Annual Governance Statement consideration has been given to various sources of assurance over the Council's governance arrangements. These include:
- The work of Internal Audit, reported to the Audit and Governance Board (formerly the Business Efficiency Board) through regular progress reports and the Annual Internal Audit Opinion;
 - The work of the Council's external auditors through regular progress reports to the Audit and Governance Board, the Annual Audit Letter and Value for Money opinion;
 - The operation of the Council's risk management arrangements;
 - The Council's performance management framework, including performance information reported to the Policy and Performance Boards.
- 3.8 The draft Annual Governance Statement has been reviewed and agreed by Management Team. The document was also shared with the Chair of the Audit and Governance Board for input and comment.

- 3.9 The Council's Constitution delegates the responsibility to review and approve the AGS to the Audit and Governance Board. As such, the final version of the Annual Governance Statement will take into account any feedback from the Board. Once approved, the document will be signed by the Council Leader and Chief Executive and published on the Council's website.
- 3.10 The Council's external auditor will review the draft Annual Governance Statement as part of the audit of the Statement of Accounts for 2020/21.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

- 4.1 In accordance with the Accounts and Audit Regulations 2015, the Council is required to conduct an annual review of its system of internal control and publish an Annual Governance Statement with the Statement of Accounts. The process is a key mechanism for ensuring that the Council has an effective system of internal control and governance, and that any areas for development are identified and addressed.
- 4.2 The powers and duties of the Audit and Governance Board include responsibility for considering the Council's corporate governance arrangements and agreeing necessary actions to ensure compliance with best practice. The Annual Governance Statement provides a commitment to address the governance challenges identified by the Council.
- 4.3 There are no direct financial implications arising from this report, although the Annual Governance Statement makes reference to the key financial challenges faced by the Council.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children and Young People in Halton

Good governance leads to good management, good performance and good stewardship of public money. It therefore enables the Council to implement its vision in accordance with its values and to engage effectively with its citizens and service users and ensure good outcomes for them.

5.2 Employment, Learning and Skills in Halton

See 5.1 above

5.3 A Healthy Halton

See 5.1 above

5.4 A Safer Halton

See 5.1 above

5.5 Halton's Urban Renewal

See 5.1 above

6.0 RISK ANALYSIS

- 6.1 The Annual Governance Statement provides assurance that the Council has a sound system of risk management, control and governance. The document provides a public statement of how the Council directs and controls its functions and relates to its community.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equalities Act 2010 and related statutes. Proper governance arrangements will ensure that equality and diversity issues are appropriately addressed.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

| Document | Place of Inspection | Contact |
|---|---------------------------|-------------|
| CIPFA / SOLACE – Delivering good governance in Local Government: Framework (2016) | Halton Stadium, Widnes | Merv Murphy |
| CIPFA / SOLACE - Delivering good governance in Local Government: Guidance note for English authorities (2016) | | |
| CIPFA Bulletin 06 - Application of the Good Governance Framework 2020/21 | | |