

FINANCE, AUDIT & RISK COMMITTEE
16 MARCH 2022

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: ANNUAL GOVERNANCE STATEMENT 2020/21

REPORT OF: POLICY AND COMMUNITIES MANAGER

EXECUTIVE MEMBER: [NON-EXECUTIVE FUNCTION]

COUNCIL PRIORITY: BE A MORE WELCOMING, INCLUSIVE, AND EFFICIENT COUNCIL

1. EXECUTIVE SUMMARY

1.1 For the Finance, Audit & Risk Committee to approve the Annual Governance Statement (AGS) for the year 2020/21 and Action Plan. The Statement reviews the Council's governance arrangements for the 2020/21 period. It also proposes an Action Plan to update/improve those arrangements for the next financial year. This report also provides details of the amendments to the Statement and Action Plan since the draft AGS for 2020/21 was reported to the Committee in July 2021.

2. RECOMMENDATIONS

2.1 That the Committee is recommended to approve the amended AGS and Action plan (Appendix A).

3. REASONS FOR RECOMMENDATIONS

3.1 The AGS must be considered and approved by this Committee before the approval of the Statement of Accounts under Regulation 6(4)(a) of the Accounts and Audit Regulations ('AAR') 2015/234.

3.2 The Committee is the legal body with responsibility for approval of the AGS.

3.3 Reviewing the AGS Action Plan during 2021-22 will provide the Committee with assurances that the Council is examining and where necessary improving its governance arrangements.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 There are no alternative options to be considered.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 At the Committee meeting on the 12 July 2021, members were asked to provide feedback on the draft AGS that was presented at that meeting. A copy of the draft was also provided to both the Shared Internal Audit Service (SIAS) and Ernst & Young

(External Auditors). SIAS provided comments in June and were incorporated into the AGS presented at the July FAR committee meeting. Ernst & Young provided comments in December 2021. The amendments include the following additions:

- A number of the weblinks have been updated to allow for external users to access the referred to documents on the internet and Modgov throughout the AGS. Additionally, the council's website had been completely updated after the July meeting and some links required updating to reflect this change.
- Principle D – A breakdown of the funding (of £42,150) provided for the Coronavirus Community Support fund between June 2020 and May 2021 to help alleviate child poverty. This has been added to the Leadership self-assessment and provides links to the relevant record of decision made under delegated as outlined in the table below:

Community Support fund (via Grants 04)	Proposed	Awarded	Report
Home-start Herts	£5,000	£5,000	June 2020 CSF Delegated Decision Report
Need Project	£5,000	£5,000	June 2020 CSF Delegated Decision Report
Christians Against Poverty	£3,500	£3,500	June 2020 CSF Delegated Decision Report
Ickleford Community Larder	£2,000	£2,000	June 2020 CSF Delegated Decision Report
Letchworth foodbank	£4,000	£4,000	June 2020 CSF Delegated Decision Report
Home-start Royston	£1,885	£1,885	June 2020 CSF Delegated Decision Report
Hitchin Food Provision Teams	£18,265	£18,265	June 2020 CSF Delegated Decision Report
Built on Faith	£500	£500	September 2020 CSF Delegated Decision Report
Kings Community Church	£2,000	£2,000	December 2020 CSF Delegated Decision Report
	£42,150	£42,150	

- Review of Effectiveness – Assurance from Internal and External Audit (Page 7). External Auditor paragraph amended to clarify the most recent update is the Audit letter issued in December 2020.
- Assurances from Complaints Outcomes – (Page 8). The Council's complaints summary has been updated to the report presented at Overview and Scrutiny in July 2021 and is now the full period for 2020-2021.
- Standards complaints involving Councillors – (Page 8). Reference added to October 2021 Standards Matters report

The amended AGS is attached as Appendix A and therefore the final version following consultation.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 Reference is made to the report of the 12 July 2021, which sets out the legal requirements for preparation, review, and approval of the AGS, together with the matters included/ and parties involved in that process. As indicated, this must be considered by Members of the Committee and the AGS approved under Regulation 6(4)(a) AAR 2015 in advance of approving the Statement of Accounts (Regulation 9(2)(b)) at this Committee meeting. The AGS reviews the systems in place and identifies any actions to be undertaken in the forthcoming year.
- 7.2 The review was undertaken against the relevant CIPFA/ SOLACE Framework, which for this year onwards is the *Delivering good governance in Local Government Framework 2016 Edition* and any CIPFA/ SOLACE guidance¹. The AGS was prepared following an in-depth review/ input and scoring of arrangements by Leadership Team against the Framework 2016 Principles (in accordance with the guidance²). The detailed self-assessment document has not been appended. It has been loaded on the Council's Corporate Governance internet page and will remain on the site until the next review is undertaken [[Leadership AGS self-assessment document 2020-21](#)].³
- 7.3 The format of the AGS conforms to recommended practice, as per the advice provided by CIPFA: a '*meaningful but brief communication*'; there is no requirement to repeat all the arrangements that have been comprehensively assessed. Nevertheless, the AGS highlights some key areas under the Principles, the overall conclusion on the arrangements and appends the Action Plan.

8. RELEVANT CONSIDERATIONS

- 8.1. The preparation of the AGS provides the Council with an opportunity to consider the robustness of its governance and internal control arrangements. It highlights areas where governance can be further improved or further reinforced.
- 8.2. The AGS for 2020-21 is attached as Appendix A for approval.
- 8.3. The Council will publish the approved 2020-21 AGS alongside the Statement of Accounts as it has in previous years.
- 8.4. Updates to the Action Plan will be reported to this Committee again at future meetings

9. LEGAL IMPLICATIONS

- 9.1 Under the LAAA 2014/ AAR 2015 Regulations the 2020-21 AGS must be approved by this Committee by 31 July. An amendment to the regulation (The Accounts and Audit (Coronavirus) (amendment) Regulations 2020, due the impact of Covid-19, has extended that deadline. Otherwise, the legal implications are set out under section 7 above.

¹ CIPFA/SOLACE Delivering good governance in Local Government Guidance Notes for English Authorities 2016 Edition.

² As above (*ibid*)

³ CIPFA/SOLACE Delivering good governance in Local Government Guidance Notes for English Authorities 2016 Edition.

9.2 The Terms of Reference of this Committee under 10.1.5(i) are: “*To ensure that an annual review of the effectiveness of internal controls (accounting records, supporting records and financial) systems is undertaken and this review considered before approving the Annual Governance Statement.*” This approval of the AGS therefore falls within the Committee’s remit.

10. FINANCIAL IMPLICATIONS

10.1 The final AGS is to be approved and accompany the Statement of Accounts. Other than this there are no financial implications arising from this report.

11. RISK IMPLICATIONS

11.1 The process of assessing the Council’s governance arrangement enables any areas of weakness to be identified and improvement actions put in place, therefore reducing the risk to the Council.

12. EQUALITIES IMPLICATIONS

12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.1 There are no direct equality implications of this report or the AGS. Where relevant the Council’s arrangements have been assessed against the 2016 Framework Principles. In respect of those arrangements, the Leadership AGS self-assessment identifies the procedures in place and any outcomes. Council reports include any equality implications and are assessed by the Corporate Policy Team. Where appropriate an impact assessment will be undertaken, and mitigation measures identified. The Corporate Policy Team undertake an Annual Cumulative Equality Impact Assessment and publishes it on the internet.

13. SOCIAL VALUE IMPLICATIONS

13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

15.1 For the employees of the Council the Organisational Values and Behaviours and Employee Handbook provide further advice on the standards we expect from our staff. Human resources will support the relevant actions within the Action Plan for 2021-22.

16. APPENDICES

- 16.1 Appendix A –Annual Governance Statement for 2020-21 and Action Plan for 2021-22.

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18. BACKGROUND PAPERS

- 18.1 The Leadership AGS self-assessment is on the on the Corporate Governance Page: <https://www.north-herts.gov.uk/home/council-performance-and-data/corporate-governance>. This will also contain links to relevant background documents, reports, Policies and Guidance. The AGS also contains links to relevant documents and or documents.