

**FINANCE, AUDIT & RISK COMMITTEE**  
**5<sup>th</sup> February 2025**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: ANNUAL GOVERNANCE STATEMENT 2023/24 AND ACTION PLAN FOR 2024/25**

REPORT OF: POLICY AND COMMUNITIES MANAGER

EXECUTIVE MEMBER: [NON-EXECUTIVE FUNCTION]

COUNCIL PRIORITY: THRIVING COMMUNITIES/ACCESSIBLE SERVICES/ RESPONSIBLE GROWTH/SUSTAINABILITY

**1. EXECUTIVE SUMMARY**

1.1 For the Finance, Audit & Risk Committee to approve the Annual Governance Statement (AGS) for the year 2023/24. The Statement reviews the Council's governance arrangements for the 2023/24 period. It also includes an Action Plan to update/improve those arrangements for the next financial year (2024/25).

**2. RECOMMENDATIONS**

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

2.2 That the Committee notes the current position of the actions within the AGS Action Plan, outlined at Appendix B.

**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 2024-25 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 A copy of the draft was sent to KPMG; the Shared Internal Audit Service (SIAS); and the Shared Anti-Fraud Service (SAFS) in May 2024 for comment. Comments were received from SIAS. At the Committee meeting on the 19<sup>th</sup> June 2024, members were asked to provide feedback on the draft AGS that was presented at that meeting. The committee request the following from the Policy & Strategy Team Leader:
- Further details regarding the Information Commissioners Office (ICO) case. Details on this were subsequently sent to Committee Services.
  - For wording on Principle E on page 111 of the public reports pack to be reviewed. The section in question has been reviewed, amended, and is reflected in this version.
- 5.2 The final version of the AGS is attached as Appendix A.

## 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 19<sup>th</sup> June 2024 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)). The Statement of Accounts will be approved at a future meeting following the audit of the accounts. 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 continues to be the *Delivering good governance in Local Government Framework 2016 Edition* and any CIPFA/ SOLACE guidance<sup>1</sup>. 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 guidance<sup>2</sup>). The detailed Leadership Self-Assessment document has not been appended. It has been loaded on the Council's [Corporate Governance](#) webpage and will remain on the site until the next review is undertaken.<sup>3</sup>
- 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

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

<sup>2</sup> As above (*ibid*)

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

- 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 2023-24 is attached as Appendix A for approval.
- 8.3. The Council will publish the approved 2023-24 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 (as amended by the Amendment Regulations 2021) the 2023/24 AGS should be approved by this Committee by no later than 30th September, in advance of the approval of the Statement of Accounts. Where this date for the Statement of Accounts is not achieved then the Council must publish a notice on its website stating that this is the case and the reason for the delay. The 30th September date was not met. Therefore in-line with the Chief Finance Officer (and a recent CIPFA bulletin – see link below) the final AGS approval has been delayed until the audit of the accounts has taken place and the AGS is to be approved effectively at the same meeting as the accounts are considered/approved to meet (a delayed) Regulation 9(2)(b) LAAA 2014 requirement. See bullet: <https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-16-local-audit-delays-and-the-publication-of-the-annual-governance-statement> . *Note that this means the Council will not have met the legal requirements; the Monitoring Officer is aware, and highlights this to Councillors with reference to section 5 of the Local Government and Housing Act 1989. The Chief Finance Officer has confirmed, however, that this Council is in the same position as almost all the Councils legally in the country. No further action is therefore proposed in respect of this non-compliance.*
- 9.2 Other legal implications are set out under section 7 above.
- 9.3 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 review of the draft AGS therefore falls within the Committee’s remit.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The final 2023-24 AGS will ultimately accompany the final 2023-24 Statement of Accounts. Other than this there are no financial implications arising from this report.

## **11. RISK IMPLICATIONS**

- 11.1 Good risk management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

- 11.2 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.
- 12.2 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 Policy & Strategy Team. Where appropriate an impact assessment will be undertaken, and mitigation measures identified. The Policy & Strategy Team undertake an Annual Cumulative Equality Impact Assessment and publishes it on the website.

## **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 direct environmental implications of this report or the AGS. Council reports include any environmental implications and are assessed by the Policy & Strategy Team. Where appropriate an impact assessment will be undertaken, and mitigation measures identified. The Policy & Strategy Team undertake an Annual Cumulative Environment Impact Assessment and publishes it on the website.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 The Organisational Values and Behaviours and Employee Handbook provide further guidance on the standards we expect from our staff. Human resources will support the relevant actions within the Action Plan for 2023-24.

## **16. APPENDICES**

- 16.1 Appendix A – Annual Governance Statement for 2023-24  
16.2 Appendix B – Action Plan for 2024-25 and Progress Updates

## **17. CONTACT OFFICERS**

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## **18. BACKGROUND PAPERS**

- 18.1 The Leadership AGS self-assessment is published on the Corporate Governance Page:  
<https://www.north-herts.gov.uk/home/council-performance-and-data/corporate-governance>. This also contains links to relevant background documents, reports, Policies and Guidance. The AGS also contains links to relevant documents.
- 18.2 [Report: Draft Annual Governance Statement 2023/24](#)
- 18.2 Annual Cumulative Equality Impact Assessment published on the [website](#).
- 18.3 Annual Cumulative Environment Impact Assessment published on the [website](#).