

FINANCE, AUDIT & RISK COMMITTEE
29 July 2019

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: ANNUAL GOVERNANCE STATEMENT 2018/19

REPORT OF: POLICY AND COMMUNITY ENGAGEMENT MANAGER

EXECUTIVE MEMBER: [NON-EXECUTIVE FUNCTION]

COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1. For the Finance, Audit & Risk Committee to approve the Annual Governance Statement (AGS) for the 2018/19 year. This Statement reviews the Council's governance arrangements for the 2018/19 period. It also proposes an Action Plan to update/improve those arrangements. This report also provides details of the amendments to the proposed Actions since the draft AGS for 2018/19 was reported to Committee in June 2019.

2. RECOMMENDATIONS

- 2.1. That the Committee approves the AGS and amended 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 This Committee is the legal body with responsibility for approval of the AGS.
- 3.3 Reviewing the AGS Action Plan during 2019/20 will provide the Committee with assurances that NHDC 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. As reported to the Committee on 3 June 2018 [[Draft Annual Governance Statement \(AGS\) 2018/19 report](#)] the governance review and AGS format is based on the 2016 CIPFA/ SOLACE Framework.
- 5.2. At the Committee on 3 June, Members were asked to provide feedback on the draft AGS. A draft of the self- assessment was sent to SIAS and the external auditors Ernst & Young for comment.
- 5.3 Any comments, or queries (or updated documents) have been included or links provided following this consultation as appropriate. The AGS appended at A is therefore the final version following consultation. Since the June Committee meeting, the Information Commissioner (ICO) has removed the requirement for members to register as Data Controllers.

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1 Reference is made to the report of 3 June 2019, 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 SMT 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 [[SMT AGS self-assessment document](#)].
- 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.

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

² As above (*ibid*)

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 2018/19 is attached as Appendix A for approval.
- 8.3. The Council will publish the approved 2018/19 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 in or around September 2019 and March 2020.

9. LEGAL IMPLICATIONS

- 9.1 Under the LAAA 2014/ AAR 2015 Regulations the 2018/19 AGS must be approved by this Committee by 31 July. Otherwise the legal implications are set out above.
- 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 review of the draft 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 direct financial implications arising from this report.

11. RISK IMPLICATIONS

- 11.1 The process of assessing the Council's governance arrangements enables any areas of weakness to be identified and improvement actions put in place.

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 SMT AGS self-assessment identifies the procedures in place and any outcomes. Council reports include any equality implications and are assessed by the Policy and Community Engagement Manager. Where appropriate an impact assessment will be undertaken and mitigation measures identified. The Policy and Community Engagement Manager/ Trainee Policy Officer undertake an Annual Cumulative Equality Impact Assessment of these which is published on the internet.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 Human Resources will support relevant actions in Appendix A of the 2018/19 Annual Governance Statement, the action plan for 2019/2020.

15. APPENDICES

- 15.1 Appendix A – Annual Governance Statement for 2018/19 and Action Plan

16. CONTACT OFFICERS

- 16.1 Reuben Ayavoo, 01462 474212. Policy and Community Engagement Manager:
reuben.ayavoo@north-herts.gov.uk

Contributors:

- 16.2 Ian Couper 01462 474243 Service Director - Resources:
ian.couper@north-herts.gov.uk
- 16.3 Kerry Shorrocks 01462 474224 Corporate Human Resources Manager:
Kerry.shorrocks@north-herts.gov.uk
- 16.4 Jeanette Thompson 01462 474370. Service Director – Legal and Community Monitoring Officer: Jeanette.thompson@north-herts.gov.uk
- 16.5 Tim Everitt, Performance & Risk Officer 01462 474646
Email: tim.everitt@north-herts.gov.uk:

17. BACKGROUND PAPERS

- 17.1. The SMT AGS self-assessment is on the Corporate Governance Page: <https://www.north-herts.gov.uk/home/council-performance-and-data/corporate-governance>. This contains links to further relevant background documents, reports, Policies and Guidance. The AGS also refers to documents and where possible, links have been provided to relevant pages and or documents.