



Committee: Governance & Audit

Date: 19th June 2018

Subject: Draft Annual Governance Statement 2017/18

Report by:

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Purpose / Summary:

To present to Members the draft Annual Governance Statement for 2017/18

RECOMMENDATION(S): That Members provide feedback on the draft Annual Governance Statement to feed into the final statement for approval at the July meeting of the Governance & Audit Committee

IMPLICATIONS

Legal: The Annual Governance Statement must comply with the Accounts and Audit (England) Regulations 2011

Financial: FIN-40-19 There are no financial implications contained within this report

Staffing: None

Equality and Diversity including Human Rights: None

Risk Assessment: Risk management arrangements are part of corporate governance and issues raised under these arrangements have been included in the Annual Governance Statement

Climate Related Risks and Opportunities: None

Title and Location of any Background Papers used in the preparation of this report:

None.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

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No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

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No

x

1. Background

- 1.1 The Annual Governance Statement is a formal statement under the Accounts and Audit (England) Regulations 2011, which details the Council's governance arrangements and issues for the previous year as an annual report of governance.
- 1.2 The system of corporate governance is the way in which we direct and control our services and functions to ensure that we make the best use of all resources.
- 1.3 Assurance of governance arrangements involves a process to test the framework and to gain confidence that it is operating as intended and that we are, "doing the right things, in the right way, for the right people in an open, honest, inclusive and timely manner."
- 1.4 The Council is required to produce an Annual Governance Statement for approval by 31st July 2018 to accompany the Council's Statement of Accounts. This is three months earlier than has previously been the case.
- 1.5 The Annual Governance Statement includes a summary of the governance framework and identifies those areas where further action is required to achieve greater assurance.

2 Developing the Annual Governance Statement

- 2.1 Sources of information used to develop the Statement include:
 - The development of the framework itself
 - The Combined Assurance Report 2017/18
 - Internal Audit Annual Report
 - Internal Audit "limited assurance" reports
 - The management of strategic and service risks
 - External Audit Annual Audit Letter
 - Complaints and lessons learnt
 - Consultation results
 - Ombudsman investigations
 - Corporate functions assurance statements – Legal, Health & Safety, ICT, Procurement
 - Service Managers – any service or performance issues, including signed assurance that the internal control and governance assurance framework has been upheld, covering:
 - Review of key controls
 - Budget setting and allocation of resources
 - Performance management
 - Risk management
 - Financial and legal implications

3 The Framework

- 3.1 The Governance Framework follows the seven principles of good governance as set out in CIPFA's "Delivering Good Governance in Local Government Framework (2016 edition)" and is formed by the systems and processes,

standards, policies and activities through which it accounts to, engages with and leads the community.

- 3.2 Under each of the principles we have identified improvements that have taken place during the year, activity to support the principle, any significant issues and actions that will be undertaken to address any issues or to develop the principles further.

4. Draft Annual Governance Statement 2017/18

- 4.1 The draft version is available for review at Appendix One. Members are asked to review its content and offer feedback to inform the production of a final version.
- 4.2 The draft is awaiting updates to a number of annual reports which will be presented to Members in the coming weeks. Once these have been concluded, the relevant links will be provided within the Statement.

5. Issues Deemed Closed

- 5.1 The issues which were identified as matters to be addressed via the AGS Action Plan 2016/17 and are now deemed to be completed are detailed below. Members are asked to review and determine whether they are satisfied that sufficient progress has been made to warrant completion.
1. **Implementation of General Data Protection Regulations** – to ensure compliance with new regulations coming into force on 25th May 2018, which aim to increase cyber-security and the protection of data
 2. **Political Governance** – to maintain and re-inforce the current high standards of behaviour across all levels of democratic governance within West Lindsey
 3. **Partnerships** – to critically evaluate and maintain the effectiveness of the Council's key strategic partnerships
 4. **Delivery of Key Commercial and Community Based Projects** – to deliver at the required pace, key projects in support of the Corporate Plan which deliver benefits for the whole of the District
 5. **Resilience and Capacity** – to balance the Council's capacity to deliver ambitious programmes with the operational and management responsibilities placed on staff
 6. **Selective Licensing** – for Members to receive and consider a report evaluating the implementation and effectiveness of the scheme
 7. **Development Management** – to receive the findings of an audit into the service, providing oversight and scrutiny to ensure subsequent recommendations and actions are appropriately considered and implemented
- 5.2 The action relating to **Value for Money** is being carried forward into the Action Plan for 2017/18. While some progress has been achieved through the development of a value for money handbook; awareness sessions; subscription to an on-line resource and the production of a number of assessments to test the principle, momentum has not been as consistent as desired. To address this, additional capacity has been secured to take

ownership of this work and progress during 2018/19.

6. Issues to be Addressed

6.1 At this stage of development of the Annual Governance Statement, a number of issues have been identified (as a result of scrutiny of the items listed at point 2.1 above) that are a potential cause for concern and therefore are proposed to form the Action Plan for the 2017/8. The issues for consideration are:

1. Commercialism
2. Health & Wellbeing Service
3. Review of Challenge & Improvement Committee
4. New Corporate Plan 2019-2023
5. PCI DSS Processes
6. Value for Money

6.2 Account has been paid to the Head of Internal Audit's Annual Report. Within this it is suggested that the topics of procurement of consultants and planning enforcement be contained among the issues to be addressed. Management Team have considered this but have opted not to include them.

6.3 Issues relating to the procurement of consultants is an historic matter. To remedy matters correct procedures have been re-emphasised, the Council's Contract Procedure Rules have been revised and an agreed definition of the term 'consultant' has been agreed. In recent times two consultancy arrangements have been entered with no issues encountered.

6.4 The matter of planning enforcement emanated from a wider development management audit report. Issues were identified relating to the service not meeting its performance targets due to a number of reasons, including a disparity between the resource available and the service offered. Since receipt of the report a number of actions have been completed to improve matters and meet demand, review policies and procedures and strengthen capacity. On-going performance of the service is monitored via Progress and Delivery reporting to management and Members alike.

6.5 Members are asked to review this list and advise as to whether they are in agreement with its contents or whether it requires amendment at this stage.

7. Next Steps

7.1 In draft form, the Annual Governance Statement has been issued to both Internal and External Audit for review and comment. The results of this have helped to inform this version of the draft Statement; in particular the identification of any additional issues to be addressed via the Action Plan for 2017/18. Any further feedback will be used to inform the production of the final version of the Statement and the inclusion of any additional matters to be addressed via the aforementioned Action Plan.

7.2 Once a definitive set of issues has been determined, an Action Plan will be worked on and will accompany the final version of the Annual Governance

Statement 2017/18 for submission to the Governance and Audit Committee
on 24th July 2018.