NON-EXEMPT

HAVANT BOROUGH COUNCIL

AUDIT & FINANCE COMMITTEE 9 June 2021

DRAFT ANNUAL GOVERNANCE STATEMENT 2020-21

FOR NOTING

Portfolio Holder: Cllr Pike

Key Decision: No

Report Number: *HBC/005/2021*

1. Purpose

1.1. This paper is submitted to Audit & Finance Committee for information in order to provide any comments on the draft Annual Governance Statement prior to the final version coming for approval alongside the draft Statement of Accounts 2020-21.

2. Recommendation

2.1. Members are requested to note the draft copy of the Annual Governance Statement 2020-21 and provide any comments for consideration in the final version which will be brought back to the Audit & Finance Committee alongside the Statement of Accounts 2020-21.

3. Executive Summary

3.1. The CIPFA[1]/SOLACE[2] framework 'Delivering Good Governance in Local

[1] Chartered Institute of Public Finance and Accountancy (CIPFA) – a UK based international accountancy membership and standard setting body dedicated to public financial management.
[2] Society of Local Authority Chief Executives and Senior Managers (SOLACE) – a representative body for senior strategic managers working in the public sector in the UK.

Government'[3] urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of Corporate Governance, and prepare a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.

3.2. The draft Annual Governance Statement 2020-21 at Appendix A details the governance framework, including the key elements of the Council's governance arrangements, a review of the framework outlining the annual review process and overall opinion, and further improvement areas.

3.3. In terms of overall corporate governance it is the Chief Executive's and Chief Finance Officer's opinion that the overall governance arrangements of the Council are sound. The Annual Governance Statement is informed by the self-assessment of compliance against the principles by the Governance Manager, the Annual Governance Questionnaire (a survey made available to all staff), and the work of internal audit and external audit. The Havant Borough Council Annual Governance Statement 2020-21 will be published with the Annual Statement of Accounts.

3.4. Part of the Audit & Finance Committee's remit is to assess the effectiveness of internal controls, risk management, and governance arrangements in place and this includes to be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives'[4]

4. Additional Budgetary Implications

[3] https://www.cipfa.org/cipfa-thinks/cipfa-thinks-articles/delivering-good-governance-in-local-government,-c-,-annual-governance-statements

[4] CIPFA guidance note for local authorities 'Audit Committees' (2013)

4.1. None.

5. Background and relationship to Corporate Strategy and/or Business Plans

5.1. Corporate governance comprises the systems and values by which Havant Borough Council is directed and controlled and through which it is accountable. To demonstrate compliance with the principles of good corporate governance, Havant Borough Council must ensure that it does the right things and in the right way. The Council must also ensure that this is done in a timely, inclusive, open, honest and accountable manner.

6. Options considered

6.1. A new 'CIPFA/SOLACE Framework' was published in 2016 to ensure it remains fit for purpose, which applies to Annual Governance Statements prepared for the financial year onwards. The revised Framework defines the seven core principles of good governance.

6.2. The Framework urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of Corporate Governance and prepare a governance statement and report compliance on an annual basis.

6.3. Further guidance has been provided by CIPFA on incorporation of the impact of Covid on governance arrangements[5] and this has been reflected in the draft AGS.

7. Resource Implications

7.1. Financial Implications – none

7.2. Human Resources – none.

7.3. Information Governance Implications – none.

7.4. Other resource implications – none.

[5] https://www.cipfa.org/services/networks/better-governance-forum/corporate-governance-documentation/the-annual-governance-statement-and-the-impact-of-coronavirus

8. Legal Implications

8.1. The publication of the Annual Governance Statement details the governance framework, including the key elements of the Council's governance arrangements.

Monitoring Officer comments
Date: 25/05/21
No additional comments

9. Risks

9.1. The document is a vital part of ensuring that Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

9.2. Failure to produce and report the document would carry the risk that the Council was failing in its duty to evidence that it was operating in accordance with the law and proper standards and that public money is safeguarded and properly accounted for.

10. Consultation

10.1. The Annual Governance Statement has been shared with the relevant Heads of Services, Executive Board and Corporate Governance Board.

11. Communication

11.1. Once incorporated into the Annual Statement of Accounts and approved by Audit & Finance Committee the final version will be published on the HBC website.

12. Appendices

12.1. Appendix A – Draft Annual Governance Statement 2020-21.

13. Background papers

13.1. None.

Agreed and signed off by:

Director: Peter Lewis (25.05.21)

Monitoring Officer: Daniel Toohey (25.05.21)

Section 151 Officer: Peter Lewis (25.05.21)