

**TITLE** Annual Governance Statement 2022/23 and Update of Local Code of Corporate Governance

**FOR CONSIDERATION BY** Audit Committee on 7 June 2023

**WARD** None Specific

**LEAD OFFICER** Deputy Chief Executive - Graham Ebers

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Assurance to residents and other stakeholders on the Council's governance arrangements.

## **RECOMMENDATIONS**

As per the Audit Committee's Terms of Reference the Committee is asked to

1. a) To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.  
  
b) To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.
2. To consider the Local Code of Corporate Governance and recommend to Council approval of the document.

## **SUMMARY OF REPORT**

All local authorities are required to undertake, at least annually, a review of the effectiveness of their system of internal control and to report on this review alongside the Statement of Accounts. This review is set out in the Annual Governance Statement which explains how Wokingham Borough Council has complied with its own governance framework and identifies any areas for improvement.

The Annual Governance Statement set out at Appendix A provides a review of the effectiveness of the Council's system of internal control and governance framework alongside an action plan for improvements. The review demonstrates that a sound system of control has been in place for the financial year 2022/23. The Committee is asked to consider the draft Statement and prior to its submission for sign off by the Leader of the Council and the Chief Executive, as required by the Accounts and Audit Regulations 2015.

One of the functions of the Audit Committee is to review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance. The Local Code of Corporate Governance (LCoCG) sets out how the Council complies with the seven principles of good governance set out in the Chartered Institute of Public Finance & Accountancy

(CIPFA) and the Society of Local Authority of Chief Executives (SOLACE): *Delivering Good Governance in Local Government – Framework (2016)*. The local code maps the local governance arrangements to the requirements of the code demonstrating how the Council meets each principle.

## Background

- 1.1 Good governance provides a framework to enable an authority to deliver outcomes for its residents and stakeholders, underpinned by appropriate controls and the management of risk. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, with sound and inclusive decision-making and clear accountability for the use of resources.
- 1.2 In order to achieve effective corporate governance, the Council has adopted a local code of corporate governance (the Code) which reflects guidance contained in the CIPFA / SOLACE Framework Delivering Good Governance in Local Government.
- 1.3 The Code, which is set out in the Council's constitution, is built around seven underlying principles of good governance, and demonstrates how the Council's internal processes and governance framework support the delivery of those principles.
- 1.4 The Annual Governance Statement meets statutory requirements to report publicly on the extent to which the Council is complying with its own code of governance and should include:
  - How the effectiveness of governance arrangements has been monitored and evaluated in the year, and
  - Any planned changes in the coming period.
- 1.5 There is a strong link between governance and financial management, with a focus on sustainability, as the Council needs to recognise its responsibilities not just to its existing stakeholders but to understand the impact of current decisions and actions on future generations.

## Analysis of Issues

- 1.6 With the number of high profile governance failings in the sector it is more important than ever to demonstrate to the Council's stakeholders that it takes governance seriously. The Annual Governance Statement is a culmination of the years work to ensure robust governance in the Council.
- 1.7 The Draft Annual Governance Statement is set out at Appendix A.
- 1.8 The Statement relates to the governance systems in place for the financial year 2022/23 but should also reflect any significant developments to the governance

system up to the date that the Responsible Financial Officer signs the Statement of Accounts.

- 1.9 The Statement describes how the Council has complied with the following seven core principles:
- a. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
  - b. Ensuring openness and comprehensive stakeholder engagement;
  - c. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
  - d. Determining the interventions necessary to optimise the achievement of the intended outcomes;
  - e. Developing the Council's capacity, including the capability of its leadership and the individuals within it;
  - f. Managing risks and performance through robust internal control and strong public financial management, and
  - g. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 1.10 Some key improvements to the system of governance have been made this year and are set out in the Statement.
- 1.11 The Local Code of Corporate Governance is the standard against which the AGS has been completed. Officers have reviewed the local code to ensure that it reflects best practice and continues to reflect the highest standards of governance. The main change in this update is to set out the key roles and responsibilities in the Council's governance arrangements.

#### **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

<b>Other financial information relevant to the Recommendation/Decision</b>
None

<b>Cross-Council Implications</b>
All Members and Officers are part of the overall systems of governance in the Council.

<b>Public Sector Equality Duty</b>
There are no specific equality implications of this report, other than acknowledgement of the importance of equality matters and how they are addressed as part of the local code of governance, which in turn is reviewed via the Annual Governance Statement.

<b>Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i></b>
While there are no specific climate emergency implications contained within this report, the delivery of sustainable outcomes lies at the core of the Council’s vision and the Annual Governance Statement has a key role in ensuring that key priorities and outcomes are delivered, by reviewing the framework for decision-making and resource allocation.

<b>Reasons for considering the report in Part 2</b>
Not applicable

<b>List of Background Papers</b>
Annual Governance Statement 2022/23 Local Code of Corporate Governance

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