

<b>TITLE</b>	<b>Annual Governance Statement 2021/22</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 27 July 2022
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Chief Executive - Susan Parsonage

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

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

## **RECOMMENDATION**

To consider the draft Annual Governance Statement attached at Appendix A for recommendation to the Leader and Chief Executive and subsequent publication with the 2021/22 Statement of Accounts.

## **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 2021/22. The Committee is asked to consider the draft Statement and approve its submission for sign off by the Leader of the Council and the Chief Executive, as required by the Accounts and Audit Regulations 2015.

## **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**

- 2.1 The Draft Annual Governance Statement is set out at Appendix A.
- 2.2 The Statement relates to the governance systems in place for the financial year 2021/22 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.
- 2.3 The Statement describes how the Council has complied with the following seven core principles:
  - i. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
  - ii. Ensuring openness and comprehensive stakeholder engagement;
  - iii. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
  - iv. Determining the interventions necessary to optimise the achievement of the intended outcomes;
  - v. Developing the Council's capacity, including the capability of its leadership and the individuals within it;
  - vi. Managing risks and performance through robust internal control and strong public financial management, and
  - vii. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 2.4 Some key improvements to the system of governance have been made this year and are set out in the Statement; notably the Audit Committee self-assessment of practice against CIPFA's publication; Audit committees: Practical guidance for local authorities and police, as reported to Committee in September 2021, and adoption of a revised Member Code of Conduct and associated procedures for dealing with complaints as agreed at Council in November 2021 and February 2022 respectively. In addition, the Local Government Association's Corporate Peer Challenge that took place in November 2021 highlighted other areas for improvement actions which are underway and are referenced in the Statement.

- 2.5 An update on progress against previously identified areas for improvement is set out in the appendix to the Statement alongside any new areas identified for improvement in the coming financial year. The review is an iterative process, ensuring that the Council's system of governance adapts to external change, such as new regulatory frameworks, government guidance and the current risk environment.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources 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

### **Other financial information relevant to the Recommendation/Decision**

Good governance leads to good management, good performance and good stewardship of public money, good public engagement and ultimately good outcomes for residents and service users. However, there are costs associated with embedding and continuing good governance practices, and as the Council's organisational structures develop, the costs associated with governance need to be monitored to ensure they remain proportionate.

### **Cross-Council Implications**

Achieving good governance impacts all aspects of the Council's services to residents.

### **Public Sector Equality Duty**

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.

### **Climate Emergency – *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***

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.

### **Reasons for considering the report in Part 2**

Not applicable.

### **List of Background Papers**

CIPFA/Solace Delivering Good Governance in Local Government: Framework 2016
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