

Report title	Annual Governance Statement 2023/24
Report author	Amanda Fahey, Assistant Chief Executive / s151 officer
Department	Corporate Leadership Team
Exempt?	No
Exemption type	Not applicable
Reasons for exemption	Not applicable

Purpose of report:

- **To resolve**

Synopsis 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 Runnymede Borough Council has complied with its own governance framework and identifies any areas for improvement.

Recommendation(s):

To approve the draft Annual Governance Statement 2023/24 (Appendix A) for signature by the Co-Leaders of the Council and the Chief Executive and publication alongside the Annual Statement of Accounts for 2023/24.

1. Context and background of report

- 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.

2. The Annual Governance Statement 2023/24

- 1.6 The draft Annual Governance Statement for 2023/24 is set out at Appendix A.
- 1.7 The Statement relates to the governance systems in place for the financial year 2023/24 but should also reflect any significant developments to the governance system up to the date that the Responsible Financial Officer (s151 Officer) signs the Statement of Accounts.
- 1.8 The Statement describes how the Council has complied with the following seven core principles:
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - Ensuring openness and comprehensive stakeholder engagement
 - Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Developing the Council's capacity, including the capability of its leadership and the individuals within it
 - Managing risks and performance through robust internal control and strong public financial management, and
 - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
- 1.9 Some key improvements to the system of governance have been made in the year and are set out in the Statement. The most notable of these are the development of the climate change action plan and carbon baseline measurement; the review of risk management and the introduction of risk appetite statements; and the development of workstreams designed to evidence how the Council is delivering its duty under Best Value requirements.
- 1.10 In addition, this year's Statement includes a greater emphasis on how the Council has tested the effectiveness of its governance arrangements rather than simply describing the key systems and activities which take place. This element is essential in demonstrating that the Council not only has sound governance measures in place but that it regularly tests those processes, learns from the outcomes of those assessments and responds by making improvements. One example would be the internal audit programme where systems and processes are tested via internal audit

review, recommendations are made for improvement and Managers then implement those recommendations.

- 1.11 The 2023/24 Statement should be considered in light of external stimuli which may include regulatory changes effecting individual services, global pressures such as climate change, international pressures due to conflict which have an impact on local services, or sector-wide issues such as the increasing scrutiny of local authority finances. Responses to these external factors are shown throughout the Statement and have shaped the actions for improvement for 2024/25, which are aligned to the Council's [response](#) to receipt of a non-statutory Best Value notice in December 2023.
- 1.12 An update on progress against the areas identified for improvement in the previous Statement is included in the appendix to the Statement alongside the areas identified for review in the coming financial year.
- 1.13 Last year, an additional table was included to provide an update on areas that were identified to strengthen the Council's compliance with Cipfa's Financial Management Code, as reported to Members in January 2022. Some of these actions were proposed to be implemented over a number of years and the table has been updated to reflect progress during 2023/24, with 2 remaining actions on target to complete during 204/25.

3. Policy framework implications

- 1.14 The Annual Governance Statement supports the policy framework of the Council by undertaking a regular, robust review of its governance arrangements, in an open and transparent way. The policy framework may be updated or amended as a result of the action plan that is set following the review. The Annual Governance Statement will touch on many of the policies and strategies of the Council, including, but not limited to, financial plans, procurement, risk management, HR policies, data protection, transparency, freedom of information and many more. Changes implemented to the governance framework as a result of the annual review will be reflected in the Council's Local Code of Corporate Governance at its annual review.

4. Resource implications/Value for Money

- 1.15 While there are no direct financial implications stemming from this report, the Annual Governance Statement forms an integral part of the Council's framework of governance and control, influencing the way in which its resources are used and feeding into the "Value for Money" element of the annual external audit process which provides an opinion on the effective, efficient, and economic use of Council resources.
- 1.16 In addition, the Statement goes to the core of the Council's ability to carry out its Best Value duties under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which it works, having regard to a combination of economy, efficiency and effectiveness. This includes a responsibility to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for.

5. Legal implications

- 1.17 The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) fulfils the statutory requirements set out under Regulation 6(1)(a) of the Accounts and Audit

Regulations 2015 which require a local authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. Regulation 6(1)(b) of the Accounts and Audit Regulations 2015 requires this statement to be an Annual Governance Statement.

6. Equality implications

- 1.18 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.

7. Environmental/Sustainability/Biodiversity implications

- 1.19 Again, while there are no specific environmental, sustainability or biodiversity 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.

8. Risk Implications

- 1.20 The Council's governance framework enables it to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of Runnymede Borough Council's policies, aims and objectives;
- to evaluate the likelihood of those risks being realised and the impact should they be realised; and
- to manage those risks efficiently, effectively and economically.

- 1.21 The production of the Annual Governance Statement ensures that the governance framework is subject to on-going review, is reflective of current risk and adapts to external stimuli, thus mitigating the risk that the Council's objectives will not be delivered.

9. Other implications

- 1.22 The production of the Statement brings together reporting that has taken place to Members across all committees throughout the year on relevant topics that may affect the governance of the Council. In addition, all of the Senior Leadership Team have been consulted and have provided input to the Statement. All senior managers have also completed an annual declaration wherein they acknowledge their responsibility to manage their services in accordance with Council procedures and practices that uphold the internal control and assurance framework. These returns provide an opportunity for managers to raise any queries, identify any gaps in processes or knowledge, and to request training where needed.

10. Timetable for Implementation

- 1.23 The Statement has been prepared in accordance with the timelines applicable for publication alongside the 2023/24 Statement of Accounts. Following approval of the Annual Governance Statement by the Committee, the Statement will be presented to the Co-Leaders of the Council and the Chief Executive for signing on behalf of the Council. The action plan set out in the appendix to the Statement will be taken forward during 2024/25.

11. Conclusions

- 1.24 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 2023/24. The Committee is asked to consider the draft Statement and approve it for signature by the Co-Leaders of the Council and the Chief Executive, as required by the Accounts and Audit Regulations 2015.

12. Background papers

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

13. Appendices

- Appendix A: Annual Governance Statement 2023/24 (to follow)