

## ANNUAL GOVERNANCE STATEMENT 2021/22 (Amanda Fahey – Assistant Chief Executive)

### 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 consider the draft Annual Governance Statement attached at Appendix A for recommendation to Corporate Management Committee.

1. **Context 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. **Report**

- 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:
- 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
- 2.4 Some key improvements to the system of governance have been made this year and are set out in the Statement; notably the undertaking of a review against Cipfa's new Financial Management Code, as reported to Standards and Audit Committee in January 2022, and Member participation in the new Local Audit Forum.
- 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.
3. **Policy framework implications**
- 3.1 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.
4. **Legal implications**
- 4.1 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.

**5. Equality implications**

- 5.1 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.

**6. Environmental/Sustainability/Biodiversity implications**

- 6.1 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.

**7. Conclusions**

- 7.1 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 to the Corporate Management Committee, for sign off by the Leader of the Council and the Chief Executive, as required by the Accounts and Audit Regulations 2015.

**(To resolve)**

**Background papers**

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