

## **GOVERNANCE & AUDIT COMMITTEE 20 JULY 2021**

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### **DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21 (INCLUDING YEAR-END SENIOR MANAGEMENT ASSURANCE STATEMENTS)**

### **REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.2**

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#### **Reason for Report**

1. The Governance and Audit Committee's Terms of Reference requires Members to review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.
2. Specific components of the AGS reported individually to the Governance and Audit Committee are the biannual Senior Management Assurance Statements (SMAS) and the AGS Action Plan of significant governance issues, following approval by the Senior Management Team. This report provides members of the Governance and Audit Committee with the full AGS for 2020/21 that will sit alongside the Council's Statement of Accounts.

#### **Background**

3. Senior Management Assurance Statements (SMAS) are used to assess governance maturity in application of the 'Delivering Good Governance in Local Government' framework, developed by CIPFA / SOLACE.
4. Through the SMAS, each Director responds to 25 good governance statements using a 5-point maturity scale for their areas of responsibility ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'. Prior to submitting their returns, each Director is required to obtain underlying assurances from their management teams to support a directorate-wide response to each statement.
5. The Committee received a verbal update on 26 January 2021 and the draft AGS for the financial year 2020/21 is attached to this report.

#### **Issues**

##### Senior Management Assurance Statements

6. The 2020/21 process required a more comprehensive evidence base to support the assessment of the assurance level. The pandemic caused the Council's response to be a combination of crisis and recovery management given the varying incidences and severity of Covid 19 cases during the year. The increasing demand on some Council services, the need to change the service operating model combined with the need to

close some services for part or the whole of the year required a multi layered approach to governance and assurance.

7. The attention of Senior Officers has been firmly focussed on effective communication, decision making and control whilst operating in an environment which fluctuated and changed throughout the year. The 2020/21 assurance process therefore needed to consider the way services were delivered during the year and identify any associated changes in the level of assurance as a result of those changes.
8. The delivery of a Test, Track, Trace, Protect Service, the logistics of procuring and issuing PPE Equipment and the need to prioritise the delivery of services to the most vulnerable are some of the major examples of the impact that the pandemic has had on this Council.
9. Whilst there were pressing challenges throughout the year, the Senior Management Team was able to re-engage with the previous senior management assurance process in full. Each directorate undertook a Half-yearly self-assessment in November 2020 and a final assessment in May 2021. The Chief Executive held Challenge Sessions with each directorate in order to consider the merits of the self-assessment, the progress made and identify any areas of concern.
10. The end-year 2020/21 self-assessment level for each Directorate and Assurance category is set out in the following two tables;

<b>Directorate / Service</b>	<b>Self-Assurance Level</b>
Economic Development	Strong (lower range of assessment)
Education	Mixed (higher range of assessment)
Governance and Legal Services	Strong (lower range of assessment)
People and Communities	Strong (lower range of assessment)
Planning, Transport and Environment	Strong (lower range of assessment)
Resources	Strong (middle range of assessment)
Street Scene	Mixed (high range of assessment)

<b>Category</b>	<b>Assessments challenged</b>
Risk Management	Strong (lower range of assessment)
Future Generations Act and Collaboration	Mixed (higher range of assessment)
Compliance	Mixed (middle range of assessment)
Programme and Project Assurance	Strong (lower range of assessment)
Budget Monitoring	Strong (lower range of assessment)
Planning and Decision Making	Strong (lower range of assessment)
Internal Control Environment	Strong (lower range of assessment)
Fraud & Financial Impropriety	Strong (lower range of assessment)
Performance Measurement & Management	Mixed (higher range of assessment)

11. The AGS includes Statements from the Audit Manager, Governance and Audit Committee and Senior Management respectively. The Senior Management Team has in its considerations determined that none of the six recommendations need to be taken forward and are replaced with three new recommendations for the year 2021/22. The progress on the 2020/21 actions can be found in the accompanying draft AGS. The three actions taken forward are in respect of compliance, performance reviews and Future Generations and can be found in the accompanying draft AGS. Progress on the Action Plan and Assurance Statements will be reported to the Governance and Audit Committee later in the Calendar year.

#### **Reason for Recommendation**

12. To enable the Governance and Audit Committee to review and comment upon the self-assessed elements of the AGS.

#### **Legal Implications**

13. There are no direct legal implications arising from this report.

#### **Financial Implications**

14. There are no direct financial implications arising from this report.

#### **Recommendation**

15. The Governance and Audit Committee to review and comment upon the Annual Governance Statement, namely, the resulting overall 'Senior Management Statement' and 'Action Plan of Significant Governance Issues'.

**Christopher Lee**  
**Corporate Director Resources**  
July 2021

The following Appendices are attached:

**Appendix A** - Annual Governance Statement 2020/21