

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	3 rd February 2022	AGENDA ITEM NUMBER
TITLE:	Annual Governance Statement 2021/2022	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 - High Level Methodology for Preparing the Annual Governance Statement		

1 THE ISSUE

- 1.1 The aim of the report is to inform the Committee on the Annual Governance Review process and enable the Committee to fulfil its responsibilities associated with the publication of the Council's Annual Governance Statement 2021/22.

2 RECOMMENDATION

- 2.1 The Corporate Audit Committee notes the report on the process to produce the Annual Governance Statement 2021/22.

3 THE REPORT

3.1 Background -

3.1.1 The Annual Governance Statement is based on the Council's 'Local Code of Corporate Governance' which forms part of the Council's Constitution. As the publication of an Annual Governance Statement is statutory requirement it's important that the Council takes account of any guidance provided by the Chartered Institute Public Finance Accountants (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The CIPFA / SOLACE guidance is also used by the External Auditor in their audit of the accounts

3.1.2 The Delivering Good Governance in Local Government Framework, published by CIPFA in association with SOLACE, sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way.

3.1.3 The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities.
- There is sound and inclusive decision making.
- There is clear accountability for the use of those resources to achieve desired outcomes for service users and communities.

3.1.4 Governance is a term used to describe the arrangements (including political, economic, social, environmental, administrative, legal, and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

3.1.5 Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.

3.1.6 This Council's Local Code (adopted 10th May 2018) and forms part of the Council Constitution (Part 6) is based on the following key principles of good governance:

- 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 entity'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
- Implementing good practices in transparency, reporting and audit, to deliver accountability

3.1.7 The Local Code within the Council's Constitution ([link](#)) provides further detail for each of the key principles to describe expectations and is used as part of the Annual Governance Review.

3.1.8 The 2020/21 Annual Governance Statement was presented to the last meeting of this Committee (15th December 2021) as part of the Governance Report of the Council and Audited Statement of Accounts 2020/21.

3.2 Process for compiling the 2021/22 Annual Governance Statement

3.2.1 The adopted process to compile and obtain sign-off of the Annual Governance Statement has been in operation for a number of years and an overview of the process is recorded in Appendix 1.

3.2.2. The impacts of the ongoing Coronavirus Pandemic (COVID-19) including – Public Health, Local Economy, Financial / Organisational Resilience, Safeguarding & Democracy was the single significant issue recorded in the 2020/21 Statement. This issue was judged to be ‘significant’ based on the guidance. The Statement should record any matters which could be considered a:

- Significant failure in decision making at Council or Executive
- Significant unexpected use of Resources
- Significant performance failing or failures in service delivery
- Significant issues from inspections, audits, complaints etc
- Significant issues failures in respect of statutory duties
- Significant issues from operational issues and third parties

3.3 Consultation & Input – Audit Committee

3.3.1 At the next meeting of the Committee in April a report will be presented to provide an update position in relation to findings of the review to that date and provide an opportunity for the Committee members to provide further input.

4 STATUTORY CONSIDERATIONS

4.1 The Accounts & Audit Regulations set out the expectations of provision of an Annual Governance Statement. This is supported by CIPFA/SOLACE standards and the Council's Local Code of Corporate Governance. Implications of not providing this statement would include potential qualification of the Accounts, increase in External Audit fees, potential significant reputational risks and ultimately additional costs to rectify.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 There are no direct resource implications relevant to this report.

6 RISK MANAGEMENT

6.1 A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. Failure to compile an Annual Governance Statement would result in non-compliance with statutory legislation and leave the Council open to criticism by External Audit and external stakeholders.

7 EQUALITIES

7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

8 CLIMATE CHANGE

8.1 There are no direct climate change implications related to this report.

9 OTHER OPTIONS CONSIDERED

9.1 No other options to consider related to this report.

10 CONSULTATION

10.1 The Council's Section 151 Officer has had the opportunity to input to this report and has cleared it for publication.

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Background papers	<i>15th December 2021 Corporate Audit Committee – Governance Reports of the Council and Avon Pension Fund and Audited Statements of Accounts 2020/21</i>
Please contact the report author if you need to access this report in an alternative format	

