

Meeting date: 13th February 2023

Report to: Audit Committee

Report title: Annual Governance Statement Preparation for 2022/23

Report from: Acting Chief Executive

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Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege
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Public/private report: Public

Exempt by virtue of paragraph:

1. Executive Summary

- 1.1 The purpose of this report is to advise Audit Committee about the preparations for the production of the Council's annual governance statement (AGS) for 2022/23.
- 1.2 The preparation and publication of an AGS is a statutory requirement as set out in the Accounts and Audit Regulations. Local authorities are required to prepare an AGS in order to report publicly on the extent to which they comply with their own code of governance, which is consistent with the good governance principles in the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government: Framework 2016.
- 1.3 This report details the process we intend to follow to seek assurance on the effectiveness of key elements of the governance framework in supporting the council's planned outcomes. The outcome of the exercise will help the council form an opinion on the level of assurance that the governance arrangements can provide, as well as highlight any areas where its governance arrangements and internal controls need to

be strengthened.

2. Decision(s) Recommended

2.1 Audit Committee is asked to:

- note the proposed timetable for production of this year's AGS (Appendix A).
- endorse the proposed assurance gathering process (Appendix B)
- confirm that the process will provide the assurance needed to effectively review and challenge the draft AGS when it is presented in July 2023.
- consider whether any additional assurances are required; particularly for systems/processes they are aware of where deficiencies have been identified during the year.

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3. Matters for Consideration

- 3.1 The annual governance statement is a valuable means of communication and should reflect an individual authority's particular features and challenges. The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework.
- 3.2 The AGS describes how the Council ensures that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It is an important public expression of what the Council has done to put in place good business practice, high standards of conduct and sound governance arrangements.
- 3.3 The Audit Committee has responsibility to oversee the production of the AGS, review its robustness and recommend its adoption, following which it will be approved by the Governance Committee, signed by the Acting Chief Executive and Leader and published alongside the final accounts.
- 3.4 The proposed timetable and assurance gathering process for the production of the AGS for 2022/23 is presented for information in Appendix A and details the key dates that need to be met.
- 3.5 It is for each local authority to determine their own local governance arrangements. Appendix B is a diagram that depicts the overall framework through which the AGS is produced at Solihull Metropolitan Borough Council.
- 3.6 This year's process will focus on Heads of Service providing assurance that key corporate processes including financial management, legal compliance, asset management, procurement, health safety and risk management and information governance have operated effectively. This information will then be shared with the heads of the key corporate systems for information and assurance that key controls were in place to support good governance in 2022-23. The findings will be shared with the directors to inform the assurance they provide to the Acting Chief Executive.
- 3.7 This self-assessment:
 - covers those systems and procedures which are considered to make a significant contribution to good governance when operating effectively;
 - enables system owners to provide assurance that corporate frameworks are sound and highlight any perceived weaknesses in their arrangements;
 - requires Heads of Service and system owners to develop an action plan in response to any identified weaknesses and encourages ownership of any required improvements;
 - captures at one point in time the effectiveness of the Council's overall governance framework.
- 3.8 In terms of Member assurance, members of Audit Committee and Governance

Committee will have an opportunity to comment on the proposed AGS, which will include the proposed action plan.

4. What options have been considered and what is the evidence telling us about them?

4.1 Not applicable for this report

5. Reasons for recommending preferred option

5.1 Not applicable for this report.

6. Implications and Considerations

6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

| Priority: | Contribution: |
|--|--|
| <p>People and Communities:</p> <ol style="list-style-type: none"> 1. Improving outcomes for children and young people in Solihull. 2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it. 3. Take action to improve life chances and health outcomes in our most disadvantaged communities. 4. Enable communities to thrive. | <p>The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The AGS is an open and honest self-assessment of the Council's governance arrangements across all of its activities, with a clear statement of the actions taken or required to address any identified areas of concern.</p> |
| <p>Economy:</p> <ol style="list-style-type: none"> 5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres. 6. Maximising the opportunities of UK Central and HS2. 7. Increase the supply of affordable and social housing that is environmentally sustainable. | |
| <p>Environment:</p> <ol style="list-style-type: none"> 8. Enhance our natural environment, improve air quality and reduce net carbon emissions. | |
| <ol style="list-style-type: none"> 9. Promote employee wellbeing | |

6.2 Consultation and Scrutiny:

6.2.1 Production of the AGS involves a wide range of stakeholders, both internal and

external. Appendix B details these arrangements.

6.3 Financial implications:

6.3.1 No direct implications, although the process includes an assessment of the practical application of the Council's financial policies and procedures

6.4 Legal implications:

6.4.1 The preparation and publication of an Annual Governance Statement is a statutory requirement.

6.5 Risk implications, including Risk Appetite:

6.5.1 Failure to maintain an effective approach to producing the AGS may lead to the Council being:

- unable to meet its statutory duty;
- unable to demonstrate it has effective governance arrangements in place;
- open to criticism from External Audit.
- No risks have been identified. The risk appetite is low as the recommendation is based on the proposals within the draft Levelling Up and Regeneration Bill.

6.6 Equality implications:

6.6.1 No direct implications, although the process seeks to ensure that appropriate training has been provided to staff and that the Council's equality duty is considered when designing and delivering services and developing policies and procedures.

6.7 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):

6.7.1 Not applicable for this report

7. **List of appendices referred to**

7.1 Appendix A details the key dates that need to be met.

7.2 Appendix B is a diagram that depicts the framework through which the AGS is produced.

8. **Background papers used to compile this report**

8.1 Not applicable for this report

9. **List of Other Relevant Documents**

9.1 Not applicable for this report