

Meeting date: 26th July 2021
Report to: Audit Committee



Subject/report title: **Annual Governance Statement 2020/21**
Report from: Director of Resources & Deputy 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

Public/private report: Public

Exempt by virtue of paragraph: N/a

1. Purpose of Report

1.1 The purpose of this report is to seek Audit Committee approval for the Council's Annual Governance Statement (AGS) for 2020/21.

2. Decision(s) recommended

2.1 Audit Committee is asked to endorse the Annual Governance Statement (AGS) for 2020/21.

3. Background

3.1 All local authorities in England are required to produce an Annual Governance Statement (AGS) to comply with the Accounts and Audit Regulations and to publically demonstrate the ongoing effectiveness of their governance and internal control arrangements.

3.2 Audit Committee has responsibility for endorsing the AGS, following which it will go to Governance Committee for final approval and be signed by the Chief Executive and Leader and published alongside the final accounts.

3.3 The AGS for Solihull is attached as **Appendix A**. Essentially it outlines:

- the scope of the Council's governance responsibilities
- the purpose of the governance framework
- a description of the governance arrangements in place at Solihull

- a description of the assurance mechanisms that ensure governance arrangements have operated effectively during the year
- an action plan detailing any significant governance issues that have been identified.

3.4 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 in relation to the following:

- Creating and implementing a Vision
- Roles and responsibilities of members and officers
- Standards of conduct and behaviour
- Decision making, scrutiny and risk management
- Developing capacity and capability of members and officers
- Engaging with local people and stakeholders

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

4.1 For the most part, the format of the AGS is prescribed by best practice guidance. However, it is for each local authority to determine the assurance and evidence gathering arrangements that support its preparation.

4.2 There is an established process for preparing the AGS that is refined each year based on the previous year's experience, any new guidance and best practice.

4.3 A report to Audit Committee on the 10th February 2021 set out the proposed process for 2020/21. Members endorsed the assurance gathering arrangements and confirmed that the intended process provided sufficient evidence on which they could consider the Statement and endorse it for subsequent approval.

5. Reasons for recommending preferred option

5.1 The Statement has been produced in accordance with relevant professional guidance and good practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

5.2 Section 4 of the AGS, which describes "The Governance Framework", has been confirmed as an accurate reflection of the Council's existing governance arrangements by the lead officers with responsibility for these areas.

5.3 Heads of Service and Directors have provided personal assurance about the effectiveness of the governance arrangements operating in their respective business areas during the past year.

5.4 Nominated officers have provided assurance that last year's action plan improvements have been implemented or are progressing appropriately.

5.5 Internal Audit is a primary source of independent assurance over governance arrangements and has provided an opinion on the overall effectiveness of the Council's governance arrangements.

- 5.6 External Audit opinions, as well as assurance from other inspectorates and governance reviews (both internal and external), have been taken into account.
- 5.7 In their statutory capacities, the Monitoring Officer and the Section 151 Officer have both provided personal assurance that the AGS accurately describes their own understanding of the Council's governance arrangements and they are not aware of any other significant governance issues.

6. Implications and Considerations

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

Priority:	Contribution:
<p>Economy:</p> <ol style="list-style-type: none"> 1. Revitalising our towns and local centres. 2. UK Central (UKC) and maximising the opportunities of HS2. 3. Increase the supply of housing, especially affordable and social housing. 	<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>Environment:</p> <ol style="list-style-type: none"> 4. Enhance Solihull's natural environment. 5. Improve Solihull's air quality. 6. Reduce Solihull's net carbon emissions. 	
<p>People and Communities:</p> <ol style="list-style-type: none"> 7. Take action to improve life chances in our most disadvantaged communities. 8. Enable communities to thrive. 9. Sustainable, quality, affordable provision for adults & children with complex needs. 	

6.2 Consultation and Scrutiny:

6.2.1 Scrutiny of the process of preparing the AGS is provided by Audit Committee's consideration of the final draft Statement and hence this report.

6.3 Financial implications:

6.3.1 There are no direct financial implications associated with this report. However, the assurance gathering process includes confirmation that the Council has effective financial management arrangements in place.

6.4 Legal implications:

6.4.1 Publication of the AGS is a statutory requirement and the assurance gathering process includes confirmation that the Council has appropriate arrangements in place to ensure compliance with legal obligations.

6.5 Risk implications:

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 corporate governance arrangements;
- open to criticism from External Audit..

6.6 Statutory Equality Duty:

6.6.1 There are no direct implications associated with this report as the report does not have any direct customer impact. However, the assurance gathering process includes confirmation that the Council's equality duty is considered when designing and delivering services and developing policies and procedures.

7. List of appendices referred to

7.1 The final draft copy of the Annual Governance Statement for 2020/21 is attached as ***Appendix A.***

8. Background papers used to compile this report

8.1 Copies of any supplementary papers (e.g. AGS returns) can be obtained by emailing oliver.dodds@solihull.gov.uk

9. List of other relevant documents

9.1 Not applicable for this report.