

Report Title:	2016-17 Annual Governance Statement
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Targowska, Principal Member for HR, Legal & IT
Meeting and Date:	Audit and Performance Review Panel – 14 June 2017
Responsible Officer(s):	Alison Alexander, Managing Director Mary Kilner, Head of Law and Governance
Wards affected:	All

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REPORT SUMMARY

- 1 This report presents the 2016/17 Annual Governance Statement (AGS) see Appendix 1.
- 2 It recommends that the Audit and Performance Review Panel consider the content and recommend the 2016/17 AGS to the Leader and Head of Paid Service for signature and presentation with the Annual Statement of Accounts.
- 3 The recommendation is being made to ensure that the Council meets its statutory requirements and those of this Panel's Terms of Reference to be satisfied that the Council has in place appropriate corporate governance systems and controls.
- 4 The governance issues identified from the Management Assurance Statements prepared by each Senior Leader are included within the Corporate Action Plan shown as Appendix 2 in the AGS.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Audit and Performance Review Panel notes the report and:

- i) **Consider the draft 2016/17 AGS and identify any specific matters which should be brought to the attention of Council or Cabinet;**
- ii) **Recommend the 2016/17 AGS to the Leader and Managing Director for signature and publication with the Council's Statement of Accounts; and**
- iii) **Note the revisions that have been made to the Council's Annual Governance processes for 2016/17 compared to previous years.**

2 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The annual review of the Council's governance framework is required under the Accounts and Audit (Amendment) (England) Regulations 2015 which state that 'A relevant authority must ensure that it has a sound system of internal control (Part 2, 3a) and each financial year (Part 6, 1 and 2) conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement'.

- 2.2 The AGS is required to demonstrate that systems and processes are in place to ensure that Council business is conducted lawfully and in accordance with proper standards. The AGS process is intended to demonstrate that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 2.3 The process used in the council is a five stage one which includes the following:
1. Managing Director initiates the process with all Heads of Service, in January.
 2. Heads of Service prepare Management Assurance Statements (MAS) for the areas of responsibility they manage, based upon standard template, by end of March.
 3. Analysis of the completed and returned MAS and results reviewed with Corporate Management team, and a draft Corporate Action Plan prepared by the Head of Law and Governance in conjunction with the Shared Service for Audit and Investigation.
 4. The draft AGS and Corporate Action Plan be submitted to Audit and Performance Review for comments and recommendation to submit to the Managing Director and Leader of the Council for signature
 5. AGS signed by the Managing Director and Leader by the end of June to go with the Statement of the Annual Accounts.
- 2.4 The draft AGS and Corporate Action Plan for 2016/17 are in Appendices 1 and 2.
- 2.5 The process follows the six core principles of effective governance, as previously recommended and these are summarised in Table 1.

Table 1: Core Principles of Good Governance	
1.	Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
2.	Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
3.	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4.	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
5.	Developing the capacity and capability of Members and Officers to be effective.
6.	Engaging with local people and other stakeholders to ensure robust public accountability.

- 2.6 The AGS 2016/17 is shown in Appendix 1.
- Progress has been made on the 2015/16 Corporate Action Plan although there are action points previously included in the 2015/16 Corporate Action Plan which are included in the 2016/17 Corporate Action Plan as part of the continuous on-going improvement process.
 - New action point areas have been identified as part of the revised and more streamlined approach adopted this year. These are set out in the 2016/17 Corporate Action Plan shown in Appendix 2.

Overview of the preparation of the AGS

- 2.7 The individual MAS have been analysed to identify areas of a wider corporate nature, rather than individual service issues, and the common areas used to inform the action plan. The Corporate Management Team has been consulted on the emerging issues from the service based MASs, and on the action points that have emerged.

What happens next

- 2.8 Once approved by the Audit, Performance and Review Panel, the AGS is required to be signed off by the Managing Director and the Leader of Council and presented with the Council's 2016/17 Statement of Accounts to fulfil our statutory obligations. Then external Audit, KPMG, is required to comment on the content of the AGS in terms of whether it correctly represents the organisation.

Option	Comments
Consider the draft 2016/17 AGS and changes to the process, confirm the draft AGS to the Managing Director and Leader of the Council for signature and publication with the Council's Statement of Accounts. The Recommended Option	This will ensure that the Council meets its statutory requirements. In addition, this Panel will comply with its responsibilities as set out within their Terms of Reference in respect of the Council's governance arrangements.
Note the draft 2016/17 AGS and changes to the process, propose further changes before submission to the Managing Director and Leader of the Council. Not Recommended	Members may wish to request that the AGS is amended if they feel that there are material issues which have not received sufficient emphasis or if there are specific issues either document is deficient in.
Not approve the 2016/17 AGS or changes to the process adopted. Not Recommended	The Council will not meet its statutory requirements and this may expose the Council to an avoidable risk, arising from not having an adequate governance framework. . This could result in a qualification in the External Auditors' Annual Management Letter.

3 KEY IMPLICATIONS

Table 2: Key implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Council has a process in place to meet the core principles of good governance supporting good performance and outcomes for service users / residents.	Poor service performance and outcomes for service users / residents.	Good service performance and outcomes for service users / residents.	n/a	n/a	Ongoing
Residents will have assurances that the principles of good governance are being incorporated into the Council's normal business processes, providing them with confidence in the decision-making and management processes and in the conduct and professionalism of its Members, officers, partners and other agents in delivering services.	Loss of residents' confidence. Council reputation may be affected.	Gain residents' confidence. Council reputation protected.	n/a	n/a	Ongoing

4 FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Financial impact on the budget (mandatory)

Revenue – There are none arising directly as a result of this report.

5 LEGAL IMPLICATIONS

- 5.1 The Accounts and Audit (Amendment) (England) Regulations 2015 state that: A relevant authority must, ensure that it has a sound system of internal control (Part 2, 3. a) and each financial year (Part 6, 1 and 2):
- Conduct a review of the effectiveness of the system of internal control and,
 - prepare an annual governance statement.

6 RISK MANAGEMENT

Table 3: Impact of risk and mitigation

Risks	Uncontrolled Risk	Controls	Controlled Risk
Failure of the Council to have a process in place to meet all core principles of good governance leads to poor performance, poor outcomes for service users / residents.	High	<p>Ensure that:-</p> <p>The AGS provides the management processes to update, review and react to amendments to Corporate Governance principles, as laid out by legislative requirements.</p> <p>An independent Audit Committee (in the form of this Panel) has the skills capable of both considering and challenging the robustness of the Council's governance arrangements.</p> <p>Senior Officers and Members take ownership of the AGS.</p>	Low
Failure to consult appropriate officers with correct levels of responsibility in the assurance gathering process.	High	<p>Directorate Management Teams undertake regular self-assessments of their governance arrangements.</p> <p>Periodic update reports to Corporate Management Team summarising progress in achieving the governance action plan on those areas identified as needing to be addressed.</p>	Low

7 POTENTIAL IMPACTS

- 7.1 The adoption of the Annual Governance Statement process will support the delivery of all four strategic objectives.

8 CONSULTATION

8.1 All Senior Leaders have been consulted in the preparation of the AGS. They have completed and returned individual Management Assurance Statements.

9 TIMETABLE FOR IMPLEMENTATION

9.1 The 2016/17 AGS covers the governance arrangements in place during the financial year to 31 March 2017. The timescales for addressing the significant governance issues identified are detailed within the Action Plan at Appendix 2.

10 APPENDICES

Appendix 1 - 2016/17 Annual Governance Statement

Appendix 2 - 2016/17 Annual Governance Statement Corporate Action Plan

11 BACKGROUND DOCUMENTS

11.1 The Accounts and Audit (Amendment) (England) Regulations 2015.

11.2 The Council Constitution Part 6 – Terms of Reference of all other committees, Panels and other bodies of the Council – F6 – Audit and Performance Review: (k).

12 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Commented & returned
Cllr Targowska	Principal Member for HR, Legal & IT	13.6.2017	
Alison Alexander	Managing Director	8.6.2017	8.6.2017
Russell O'Keefe	Executive Director	13.6.2017	13.6.2017
Andy Jeffs	Interim Executive Director	13.6.2017	13.6.2017
Rob Stubbs	Section 151 Officer	13.6.2017	13.6.2017
Terry Baldwin	Head of HR	13.6.2017	13.6.2017
Mary Kilner	Head of Law and Governance	13.6.2017	13.6.2017

REPORT HISTORY

Decision type: Key decision	Urgency item? No
Report Author: Mary Kilner, Head of Law and Governance 01628 796512	

