

AUDIT AND ASSURANCE COMMITTEE

Meeting date: 29 July 2020

From: Monitoring Officer

DRAFT ANNUAL GOVERNANCE STATEMENT 2019/2020

1.0 EXECUTIVE SUMMARY

- 1.1 *This report presents the draft Annual Governance Statement 2019/2020 (Appendix 1).*
- 1.2 *Following the annual review of the effectiveness of the Council's corporate governance framework, no significant governance issues have been identified. While the Council experienced significant disruption to its day to day operations from March 2020 as a result of the coronavirus pandemic, the robustness of its emergency planning and business continuity arrangements ensured that the Council could respond effectively to the pandemic and maintain an effective response.*
- 1.3 *The Annual Governance Statement must be published with the Statement of Accounts.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *The corporate governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and through which it accounts to, engages with and where appropriate, leads the community. It sets the framework by which the Council is managed and operates.*
- 2.2 *Annual Governance Statement is a key document providing an assessment of the governance arrangements operating in the financial year and identifying governance issues for action in the future.*
- 2.3 *There are no specific equalities issues arising in relation to publication of the Annual Governance Statement.*

3.0 RECOMMENDATION

- 3.1 ***Members are asked to review the draft Annual Governance Statement of Cumbria County Council for 2019/2020 before its publication as a draft on the Council's website.***
- 3.2 ***Members are asked to note that the Leader of the Council and the Chief Executive will sign the draft Annual Governance Statement prior to publication.***

4.0 BACKGROUND

- 4.1 The Council is required to carry out a review of its corporate governance arrangements annually.
- 4.2 The review has been undertaken with reference to the Council's Local Code of Governance 2018/2022, which was approved by the Audit and Assurance Committee in March 2018. The Local Code is aligned to the CIPFA / SOLACE Delivering Good Governance in Local Government: Framework 2016.
- 4.3 In addition, a review has been carried out into the impacts of the coronavirus pandemic on the Council's governance, in line with guidance issued by CIPFA in April 2020 - 'The Annual Governance Statement 2019/20: Matters to consider as a result of the coronavirus pandemic'. This review has demonstrated that while the Council has experienced significant disruption to its day to day operations, robust emergency planning and business continuity arrangements ensured that the Council could both respond effectively and maintain an effective response to the continuing pandemic.
- 4.4 Section three of the draft Annual Governance Statement, attached to this report, summarises the principles which underpin the Local Code of Governance 2018/2022 and gives examples of the types of arrangements that the Council has in place to comply with each of those principles and improvements that have been made in 2019/2020.
- 4.5 In undertaking the review the Monitoring Officer has gathered evidence from a number of sources including senior managers within the Council, the Group Audit Manager (Head of Internal Audit), corporate information and reports assessing the performance of the Council in various aspects of its work. The detail of the evidence gathered is set out in section four of the draft Annual Governance Statement. Evidence about the impacts on the Council's governance arrangements of the coronavirus pandemic was gathered from senior managers, including those with specific responsibilities to respond to the major incident declared, documents evidencing changes to arrangements, and reports to the Corporate Management Team and members.
- 4.6 It is acknowledged that the coronavirus pandemic has also impacted on the review of corporate governance both on its timing and on evidence gathering. The CIPFA April 2020 guidance (mentioned in paragraph 4.3) was followed and this included gathering some information that would normally

be sought from senior managers from corporate sources and consultation with the Chair of Audit and Assurance Committee. There has nonetheless been a high level of co-operation from managers and Directorate Management Teams have reviewed directorate questionnaires and the draft Annual Governance Statement. The review therefore forms a reasonable evidence base from which to draw conclusions at this stage.

4.7 The review culminates in an assessment of whether the Council has any significant governance issues. These are issues that require specific action and monitoring by the Corporate Management Team, in contrast to those that can be addressed through day to day arrangements for managing and improving corporate governance.

4.8 In March 2015, the Corporate Governance Group adopted the following definition and criteria to help the Council identify significant governance issues. A significant governance issue will arise if an issue which has occurred:

- has significantly prejudiced or prevented achievement of a principal objective;
- has resulted in the need to seek additional funding to allow it to be resolved;
- has required a significant diversion of resources;
- has had a material impact on the accounts;
- has been identified by the Audit and Assurance Committee as significant;
- has resulted in significant public interest or has seriously damaged reputation;
- has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer;
- has received significant adverse commentary in external or internal inspection reports that has not been able to be addressed in a timely manner.

4.9 Applying this definition to the review, no significant governance issues have been identified in 2019/2020. Issues that are not considered by the Corporate Governance Group to be significant are addressed by Executive Directors and inform the work programme of the Corporate Governance Group to ensure continuous improvement of governance.

4.10 The Annual Governance Statement is required to be up to date at the time of final publication. Therefore, the review continues and ongoing impacts of the coronavirus pandemic will be monitored up to final publication in November 2020. Consistent with normal practice the Corporate Management Team will carry out a more general review of the Council's response to the coronavirus pandemic in due course to ensure that learning informs continuous improvement of arrangements, in particular for emergency planning and business continuity.

PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS

No previous relevant decisions.

CONSIDERATION BY OVERVIEW AND SCRUTINY

Not considered by Overview and Scrutiny.

BACKGROUND PAPERS

No background papers.

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