

AUDIT AND ASSURANCE COMMITTEE

Meeting date: 30 June 2022

From: Monitoring Officer

DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22

1.0 EXECUTIVE SUMMARY

- 1.1 *This report presents the draft Annual Governance Statement 2021/22 (Appendix 1).*

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 *The 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 2021/22 before its publication as a draft on the Council's website.*
- *authorise the Chief Executive and the Leader of the Council to sign the Annual Governance Statement on behalf of the Council.*

4.0 BACKGROUND

- 4.1 The Council is required to review its corporate governance arrangements annually.
- 4.2 The review has been undertaken with reference to the Council's Local Code of Governance in 2018/2022, which was approved by the Audit and Assurance Committee in March 2018 and is due for review at this meeting. The Local Code is aligned to the COPFA/SOLACE Delivering Good Governance in Local Government Framework 2016.
- 4.3 The Annual Governance Statement has been prepared in accordance with the guidance issued by CIPFA in CIPFA Bulletin 10 – Closure of the 2021/22 Financial Statements. It has considered the impact of the COVID-19 pandemic on governance arrangements. Reference has also been made to Advisory Note 1 CIPFA Practice Oversight Panel on understanding key messages that have been identified in statutory and non-statutory reviews and public interest reports in reviewing the governance arrangements of the Council.
- 4.4 Following the formal adoption by the Council of the CIPFA Financial Management (FM) Code in 2021/22 the Annual Governance Statement discloses compliance with the FM Code and identifies outstanding areas for improvement or change.
- 4.5 The Cumbria (Structural Changes) Order 2022 which came into force on 18 March 2022 provides for the creation of two new unitary authorities for Cumbria and the abolition of the existing local government areas and councils including the County Council. This has and will continue to have a significant impact on the governance arrangements of the Council during 2022/23 and this impact is discussed in the draft Annual Governance Statement. It is also recognised that the new Shadow Authorities can benefit from learning from the annual review of governance in developing their governance structures in preparation of taking over full local government responsibilities and functions from 1 April 2023.
- 4.6 In undertaking the review, the Monitoring Officer has gathered evidence from a number of sources including through interviews with senior managers within the Council, 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.
- 4.7 The culmination of the above work is an assessment of whether there are any significant governance issues, that is, issues that require specific action and monitoring by the Corporate Management Team, in contrast to being 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 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 2021/22. Issues that arise that are not considered to be significant will be addressed by Executive Directors and will be fed into the work of the Shadow Authorities in preparing to take over the full functions and responsibilities of local government in April 2023.

4.10 The governance arrangements will be kept under review up to final publication of the Annual Governance Statement in September 2022 and any updates to the statement will be made to reflect any developments prior to final publication.

5.0 OPTIONS

5.1 The Council is required to publish its draft Annual Governance Statement for 2021/22 with its annual Statement of Accounts.

5.2 The Committee can approve the Annual Governance Statement in the format attached at Appendix 1 or can request amendments to the document.

6.0 CONCLUSION

6.1 The Audit and Assurance Committee is invited to review the draft Annual Governance Statement before it is published with the Statement of Accounts.

Catherine A. Parkinson
Interim Chief Legal Officer and Monitoring Officer

APPENDICES

Appendix One: Draft Annual Governance Statement for 2021/22.

IMPLICATIONS

Staffing: None
Financial: None
Property: None
Electoral Division(s): All

** Please remove whichever option is not applicable*

Executive Decision	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No
Key Decision	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No
If a Key Decision, is the proposal published in the current Forward Plan?	<input type="checkbox"/>	<input type="checkbox"/>	N/A
Is the decision exempt from call-in on grounds of urgency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No
If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?	<input type="checkbox"/>	<input type="checkbox"/>	N/A
Has this matter been considered by Overview and Scrutiny? If so, give details below.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No

N.B. If an executive decision is made, then a decision cannot be implemented until the expiry of the eighth working day after the date of the meeting – unless the decision is urgent and exempt from call-in and the Head of Member Services and Scrutiny has obtained the necessary approvals.

PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS ***[including Local Committees]***

No previous relevant decisions.

CONSIDERATION BY OVERVIEW AND SCRUTINY

Not considered by Overview and Scrutiny.

BACKGROUND PAPERS

No background papers.

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