

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	27 June 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Annual Governance Statement for 2022/2023 and Significant Governance Areas Quarter 4 Progress Report
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide the proposed Annual Governance Statement for 2022/2023, for inclusion in the Council's 2022/2023 Annual Accounts, following consideration and approval by the Risk and Audit Scrutiny Committee

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendations:-

- (1) that the Annual Governance Statement attached at Appendix 2, due to be included in the Council's 2022/2023 Annual Report and Statement of Accounts, be approved; and
- (2) that progress against the significant governance areas identified within the Annual Governance Statement 2021/2022 attached at Appendix 3 be noted.

3. Background

3.1. Each year the council undertakes a comprehensive review of the governance arrangements that are required to support the council's financial and operational controls. The annual review of governance arrangements informs the Governance Statement which is included within the council's Annual Accounts.

3.2. Good Governance is underpinned by the principles contained in the Delivering Good Governance in Local Government and guidance for Scottish Local Authorities which were published in December 2016. The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) established the framework. The council's governance assurance framework is detailed at Appendix 1.

3.3. To achieve good governance, the council should be able to demonstrate that its governance structures comply with the principles contained in the CIPFA/SOLACE framework (referred to as 'the framework' from here on) and should, therefore, develop and maintain a Local Code of Governance and governance arrangements reflecting these principles. The council's Local Code of Corporate Governance is reviewed and re-published annually. Compliance with the Code is reviewed as part of the Annual Review of Governance arrangements and informs the Annual Governance Statement.

3.4. The Good Governance Group undertakes an annual review of the council's governance arrangements through a programme of peer reviews and evaluations to

share learning, best practice and ensure consistency in approach (where relevant) across Resources. At the end of the review period, an evaluation of the governance process is completed, and arrangements revised (where relevant) in preparation for the next review.

- 3.5. Based on good practice highlighted by CIPFA in relation to the publication of Annual Governance Statements, a [Good Governance](#) page which provides links to relevant reports and documents is available on the council's website.
- 3.6. The purpose of this report is to provide the Committee with the Annual Governance Statement which is due to be included within the council's 2022/2023 Annual Report and Statement of Accounts and an update on progress against the actions highlighted as significant governance areas in the 2021/2022 Annual Governance Statement.

4. Annual Governance Statement (AGS) 2022/2023

- 4.1. The Annual Governance Statement for 2022/2023 is attached at Appendix 2. Information on the COVID-19 pandemic governance arrangements remain within Section 5 of the statement for this year but will be reviewed for future years. This details the impact on the council's governance arrangements and gives examples of the new ways of working which have been embedded to assist service delivery as council services recover from the pandemic. It also reflects advice previously given by CIPFA which is set out at 4.2 below.
- 4.2. The CIPFA guidance which was provided via a webinar that took place in February 2021 set out the impacts on governance arrangements to consider when drafting the 2020/2021 statement, the following continued to have relevance in the drafting of the 2022/2023 statement:-
 - ◆ the impact of the COVID-19 Pandemic, specifically, adaptations to reflect new ways of working and emergency arrangements; changes to 'business as usual' activities; and longer-term changes to priorities, programmes, strategies, and plans; areas for improvement and recovery
 - ◆ the CIPFA Financial Management Code, specifically an overall conclusion on the extent of compliance with the Code; and outstanding matters or areas for improvement set out in the Governance Statement Action Plan (Section 7)
- 4.3. The internal assurance opinions which are also set out in Section 6 of the Governance Statement are as follows:-
 - ◆ It is the opinion of the Council's Audit and Compliance Manager that, overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2023.
 - ◆ It is the opinion of the Council's Risk Management Service that a good level of assurance can be placed on the Council's strategic risk control environment and a good level of assurance can be placed on the council's operational risk control environment.
- 4.4. Section 7 of the AGS highlights "Significant Governance Areas" which were identified through the Horizon Scanning process and the Director's Statements of Assurance and the key actions that are being taken to address these during 2023/2024. The Committee is asked to consider the areas detailed in the summary below.

Comments have been added to show where this is new or has been carried forward from the previous statement:-

Significant Governance Areas identified in 2022/2023	Comments
Cyber resilience Compliance with legislative and regulatory policy	Carried forward from 2021/2022
Financial Challenges Reduction in council funding, resulting in difficulties maintaining front line services	Carried forward from 2021/2022
Integrated Joint Board – Health and Social Care The need for the council to deliver the objectives set out in the Integrated Joint Board (IJB) Strategic Commissioning Plan 2022-25	Carried forward from 2021/2022
Review of Community Planning Provide support to complete the review of Community Planning arrangements	Carried forward from 2021/2022
Community Wealth Building Deliver the Action Plan and Year 2 Annual Report	Carried forward from 2021/2022
Sustainable Development and Climate Change Deliver the Sustainable Development and Climate Change Strategy	Carried forward from 2021/2022
Sustainable Development and Climate Change Develop a Local Heat and Energy Efficiency Strategy	New
Economic Recovery and Renewal Deliver the Economic, 'Response, Recovery and Renewal' Strategy	Carried forward from 2021/2022
South Lanarkshire Leisure and Culture (SLLC) Develop the Commissioning Plan between the Council and SLLC Support the Strategic Asset Review of SLLC occupied properties	New
Recruitment and Retention Challenges	Carried forward from 2021/2022

- 4.5. The Committee is asked to note that the content of the Annual Governance Statement is subject to scrutiny by the External Auditor and, therefore, may change after approval by the CMT and the Risk and Audit Scrutiny Committee. However, the final Governance Statement will be re-submitted for approval with the final Annual Accounts.

5. Significant Governance Areas

- 5.1. Progress on the significant governance areas highlighted within the Annual Governance Statement 2021/2022 is attached at Appendix 3.

6. Next Steps

- 6.1. The Governance Team will review and update the Council's Local Code of Corporate Governance with the changes highlighted from the annual review of governance arrangements and report this to the CMT and the Risk and Audit Scrutiny Committee.
- 6.3. The Good Governance Group will evaluate the governance review process and refine this in preparation for the 2023/2024 annual review of governance arrangements.

7. Employee Implications

- 7.1. Officers will continue to attend the Good Governance Group and will commit time to review and monitor governance and assurance arrangements.
- 7.2. Officers will be assigned to lead on areas identified as improvement areas.

8. Financial Implications

- 8.1. There are no financial implications directly associated with this report.

9. Climate Change, Sustainability and Environmental Implications

- 9.1. There are no significant implications for climate change or sustainability in terms of the information contained in this report.

10. Other Implications

- 10.1. The AGS will be subject to review by Audit Scotland as part of their consideration of the council's Annual Report.
- 10.2. There are no significant issues in terms of risk associated with this report.

11. Equality Impact Assessment and Consultation Arrangements

- 11.1. All Resources, through senior officers, participate in the progress, monitoring and review of governance arrangements and the preparation of the Annual Governance Statement.
- 11.2. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function, or strategy and, therefore, no impact assessment is required.

Paul Manning

Executive Director (Finance and Corporate Resources)

9 June 2023

Link(s) to Council Values/Priorities/Outcomes

Values

- ◆ Focused on people and their needs
- ◆ Working with and respecting others
- ◆ Accountable, effective, efficient and transparent
- ◆ Ambitious, self-aware and improving
- ◆ Fair, open and sustainable
- ◆ Excellent employer

Priorities

- ◆ We will work to put people first and reduce inequality
- ◆ We will work towards a sustainable future in sustainable places
- ◆ We will work to recover, progress and improve

Outcomes

- ◆ Our children and young people thrive
- ◆ Good quality, suitable and sustainable places to live
- ◆ Thriving business, fair jobs and vibrant town centres
- ◆ Caring, connected, sustainable communities

- ◆ People live the healthiest lives possible
- ◆ Inspiring learners, transforming learning, strengthening partnerships

Previous References

- ◆ Risk and Audit Scrutiny Committee - Annual Governance Statement 2021/2022 and Quarter 4 Progress Report – 22 June 2022
- ◆ Risk and Audit Scrutiny Committee - Annual Review of the Local Code of Corporate Governance – 7 March 2023

List of Background Papers

- ◆ None

Contacts for Further Information

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