

Report



Governance and Audit Committee

Part 1

Date: July 25th 2024

Subject Draft Annual Governance Statement 2023/24

Purpose For the Governance & Audit Committee (G&AC) to review and provide feedback on Newport City Council's Annual Governance Statement, which will accompany the Annual Statement of Accounts for 2023/24 and informs the Council's Annual Corporate Well-being Self-Assessment Report 2023/24.

Author Director of Transformation & Corporate

Ward General

Summary The Accounts and Audit (Wales) Regulations 2014 requires the Council to conduct annually a review of the effectiveness of its governance framework including systems of internal control. This review must be documented in the Annual Governance Statement (AGS) and be published as part of the Council's Annual Statement of Accounts 2023/24. The outcomes of the AGS will also inform the Council's annual self-assessment on its performance arrangements and progress delivering the Council's Corporate Plan Well-being Objectives as per the Local Government and Elections (Wales) Act 2021.

Proposal For the Governance & Audit Committee to review and feed back on the Annual Governance Statement prior to its inclusion in the Council's Statement of Accounts and annual Well-being and Self-Assessment Report.

Action by Corporate Management Team

Timetable Immediate

This report was prepared after consultation with:

- Executive Board
- Corporate Management Team

Signed

Background

The Accounts and Audit (Wales) Regulations 2014, requires the Council to prepare and present an Annual Governance Statement (AGS) alongside its annual Statement of Accounts. More recently, the Local Government and Elections (Wales) Act 2021 requires all the Council to produce an annual self-assessment on the extent to which it is meeting the 'performance requirements' demonstrating:

- It is exercising its functions effectively;
- It is using its resources economically, efficiently and effectively; and
- Its governance is effective for securing the above.

The findings of the AGS are used as part of the Council's self-assessment to demonstrate how the Council is meeting these requirements and identifying areas for improvement.

Delivering Good Governance in Local Government: Framework

The Delivering Good Governance in Local Government: Framework was published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in association with Society of Local Authority Chief Executives and Senior Managers (SOLACE). This Framework is used by all local authorities across the UK to assist authorities to review their governance and internal control arrangements ensuring resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

Newport City Council's **Code of Corporate Governance** provides an overview of how the Council meets the following governance principles set out in the CIPFA / SOLACE Framework:

- A.** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B.** Ensuring openness and comprehensive stakeholder engagement.
- C.** Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D.** Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E.** Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F.** Managing risks and performance through robust internal control and strong public financial management.
- G.** Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Annual Governance Statement 2023/24 (Appendix 1)

It is at the discretion of each local authority to determine the most appropriate method (using the CIPFA / SOLACE Framework and supporting guidance) to assess its governance and internal control arrangements. The Council's senior leadership team (Directors and Heads of Service) with the support of senior officers from the Transformation & Corporate Directorate, self-assessed and reflected on the effectiveness of the Council's arrangements against the 7 principles outlined above. For each principle and sub-principles the following 3 questions were considered by officers:

1. What arrangements do we have in place to support this (sub-principle)?
2. What strengths and improvements did we make to the arrangements in 2023/24?
3. What areas / action(s) have we identified for improvement in 2024/25?

To support the assessment, officers considered a wide range of internal and external evidence to demonstrate where the Council was meeting its requirements under the Code of Corporate Governance and where further improvements are required. Officers also reviewed and provided updates on the actions identified from the 2022/23 AGS. Where actions have not been completed, these have been carried forward into the 2024/25 action plan in addition to the new actions identified in the 2023/24 assessment.

Feedback and comments from the Governance & Audit Committee will be considered prior to the finalisation and sign off of the AGS by the Council's Leader and Chief Executive. The final AGS will be included in the Council's Statement of Accounts 2023/24 and annual Corporate Well-being Self-Assessment Report 2023/24.

Appendix 1 – Draft Annual Governance Statement 2023/24

Financial Summary

There are no direct costs associated with this report.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Annual Governance Statement does not meet the necessary legislative and regulatory requirements.	M	L	Comments and feedback from key stakeholders including the Governance & Audit Committee are considered and used to meet necessary requirements.	Director of Transformation & Corporate.

*Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The Governance Framework and arrangements supports all statutory and strategic plans and policies including:

Council Constitution

Corporate Plan 2022-27

Service Plans 2022-24

Other strategic plans and policies.

Options Available and considered

Not applicable. This report and the accompanying statement are for the Committee to consider. Any comments and feedback provided by the Committee will be taken into consideration by the Council's Leader and Chief Executive prior to the statement being approved and adopted.

Preferred Option and Why

Not applicable. The report and statement are for the Committee to consider and comment on.

Comments of Chief Financial Officer

In accordance with the Accounts and Audit (Wales) Regulations 2014, an Annual Governance Statement must be prepared with the Annual Statement of Accounts, setting out how well the Council complies with its Code of Corporate Governance. The Council has a comprehensive set of arrangements, processes and policies in place which meets the requirements of the Code. As expected, there are a number of improvements and developments required and these are identified in the self-assessment.

Comments of Monitoring Officer

The prevailing legal requirements are set out in the report. The statement appended to this report has been considered extensively by senior officers and is recommended for adoption.

Comments of Head of People, Policy and Transformation

As outlined in the report, the Annual Governance Statement is an important process for the Council to undertake and provide assurance on the effectiveness of its governance and internal control arrangements to deliver its statutory duties and strategic priorities. This report is used to support the Council's Statement of Accounts and also inform its own self-assessment of its governance arrangements to meet its performance requirements in the Local Government Act. This delivery of this work aligns with the statutory responsibilities under the Well-being of Future Generations Act (2015).

Scrutiny Committees

Not applicable.

Fairness and Equalities Impact Assessment (FEIA)

For the purpose of this report, a FEIA is not required to be undertaken as this report is not seeking any strategic decisions or policy changes. In the conducting of the Annual Governance Statement assessment, the Council's senior leadership team has assessed the effectiveness of its existing FEIA arrangements to meet its statutory duties.

Wellbeing of Future Generations (Wales) Act 2015

Long term – The completion of the AGS helps provide assurance on the effectiveness of its arrangements to deliver the Council's statutory duties and medium to long term plans.

Prevention – The AGS helps the Council to identify weaknesses in its existing arrangements and to make improvements to prevent any future non-compliance with its legislative and regulatory requirements.

Integration – This assessment is integrated into the Council's statutory and strategic priorities.

Collaboration – This assessment was delivered in collaboration with senior officers across the Council as well as considering the feedback from the Council's Governance & Audit Committee.

Involvement – The completion of this review does not require involvement from external partners and/or communities. As above the assessment involved representatives from the Council and the Council's Governance & Audit Committee.

Consultation

As this is an internal process, no consultation was required with external stakeholders.

Background Papers

Annual Governance Statement 2022/23

Newport City Council Code of Corporate Governance

Dated: 18th July 2024