

From: Ben Watts, General Counsel
To: Governance and Audit Committee, 30 November 2021
Subject: Annual Governance Statement
Status: Unrestricted

1. Introduction

- a) There are many aspects to good governance within a local authority. Done properly, they are mutually reinforcing. The Code of Corporate Governance for example has its roots in financial governance but has wider implications. The Constitution as a document sets out the formal governance rules but also establishes side-constraints for the use of informal governance mechanisms. Even were the Annual Governance Statement not required by law, it would be a useful control mechanism and enable a full judgment to be made on whether the different components are working in an aligned way.
- b) Since 2018, we have been changing the way that we do the Annual Governance Statement. The statutory officers, with advice from the Head of Internal Audit have been improving the way in which we collect responses and build up the Annual Governance Statement. Through this Committee, Members have had the opportunity to comment on a draft version of the Statement. This allowed the final version to reflect the experience and activities of the last few months before a final draft is prepared. This is because it is important that the Annual Governance Statement reflects the position at the point of signature, not preparation.
- c) The Annual Governance Statement was brought before Members in draft to the September meeting and the comments and suggestions made have been reflected in the document appended to this paper. Some of those items will also be part of the preparation of and reflection for the Annual Governance Statement for 2021-22.
- d) We are now in a position to present to you the final draft of the Annual Governance statement. This is set out as the Appendix.

2. Annual Governance System

- a) Behind the development of how we do the Annual Governance Statement has been the belief that it is more than a once and done tick box exercise where the Council briefly considers its governance and then pays it no heed for another year. It is instead part of a live governance system, annual in so much as there is a core of undertakings which must be performed every year, however much they are impacted by the unforeseen, such as the Covid-19 pandemic.

- b) We are therefore already planning our approach for the Annual Governance Statement for the current year. Though the formal evidence gathering, and analysis, will begin in earnest in the next municipal year, it is appropriate to bring to the Committee's attention now some of the areas which will be receiving a focus, and on which some preparatory work will be carried out in the current year. Some are drawn from the statement before you today, others are issues where there has not been an opportunity to consider them in particular depth but which form important elements of the governance system.
- c) These areas are:
- Review of delegations.
 - The governance of post-pandemic recovery decisions.
 - New statutory duties in relation to public protection.
 - Controls on urgent decision-making and decision-making generally including the receipt and use of professional advice.
 - The role and behaviour of Members and Officers
 - Impact of the repeal of virtual meetings regulations.
 - Unaccompanied Asylum Seeking Children and the statutory duty challenges the Council faces.
 - Financial governance and scrutiny.
 - Informal governance
 - A need to effectively address the High Needs Deficit

3. Update on Governance Activity

- a) Members will note that several of the items on the above list refer to 'identified actions' set out in the Annual Governance Statement. This is an opportune time to provide an update on some of the Monitoring Officer actions set out here along with some other matters directly related to this Committee.
- b) "A **review of delegations** will be undertaken by the Monitoring Officer and reported to the Governance and Audit Committee at the mid-year review (Monitoring Officer Q3 2021/22)." Scoping work for the review has been undertaken and three parts to managing delegations have been established – framework, due diligence, and ongoing monitoring. To ensure that all three parts are adequately captured, and the exercise is done as effectively as possible, reporting on this work will be delayed until Q1 2022/23. This will still enable the findings to be considered as part of next year's AGS.
- c) "Proposals for the **phased review of the Council's governance** (Monitoring Officer Q3 2021/22) to be agreed by the Council and the Corporate Management Team...". A paper on the phases, taken as part of an outline five-year refresh programme of the Council's governance is due to be taken to either the December or March County Council meetings.

- d) “Review of **governance training** to incorporate the impact of the Annual Governance Statement, Governance review, the Strategic Reset Programme and responses from officers to further survey activity (Monitoring Officer Q3 2021/22).” A paper has already been brought to this Committee in July on the “Training Programme for Governance and Audit Committee Members.” This outlined 16 areas for the training to cover. A draft programme is nearing completion and the final programme will come to the January Committee meeting. It is based on having quarterly half-days of training bringing together related topics as much as possible and aligning the training as much as possible with the items that form part of the regular annual work programme of this Committee. Firm dates will be able to be determined once the calendar of meetings for 2022/23 has been determined.
- e) **Code of Corporate Governance.** A discussion paper with an overview of plans to amend the Code of Corporate Governance was brought to this Committee in September. In line with the resolution of the Committee a draft amending the principles in the Code of Corporate Governance to the latest version from the CIPFA/SOLACE framework, and making necessary changes to reflect the CIPFA Financial Management Code, has been produced and is being reviewed by finance, governance, and internal audit before discussion with the Independent Member and being brought back to this Committee in January.

4. Recommendations

The Governance and Audit Committee is asked to:

- a) Approve the Annual Governance Statement; and
- b) Note the update on governance activity and comment on the proposed areas for consideration as part of the Annual Governance Statement for 2021/22.

5. Background Documents

None.

6. Report Author and Relevant Director

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