

From: Ben Watts, General Counsel
To: Governance and Audit Committee, 26 January 2023
Subject: Annual Governance Statement 2021/22
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 materially 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.
- c) Members received a presentation in the autumn in relation to the challenges of preparing this year's Annual Governance Statement and the need to ensure that it was something that the statutory officers felt able to sign. It is also important to note that the Annual Governance Statement reflects the position at the point of signature, not preparation.
- d) We are now in a position to present to you the final draft of the Annual Governance statement for 2021/22. 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 self-aware in relation to the need to continuously improve both the way in which the Council operates and the way in which we manage and monitor that.

That is an ongoing challenge and the way in which the statement is drafted and the information collated reflects the significantly challenging operating position for the Council. This year's statement sets out an unprecedented programme of activity reflective of the commitment to continuously improve and to seek to address the challenges faced and key findings identified. Some of that programme was already planned and contemplated but the statement is the annual recognition of the steps needed to improve.

- c) We are already advanced in our planning our approach for the Annual Governance Statement for the current year which given the delay in this year's statement will follow on quickly in draft in the first quarter of the new financial year.
- d) Subsequent to the Committee meeting, the General Counsel will arrange for any further final changes before adding any signature statements and signatures from the Chief Executive, Corporate Director of Finance and himself before providing it to the Leader for his consideration and signature.
- e) A final copy of the Annual Governance Statement will be sent to the Members of the Governance and Audit Committee and to all Corporate Directors and Directors. It is also recommended that a copy of the Annual Governance Statement is sent to all Members.

3. Recommendations

The Governance and Audit Committee is asked to:

- a) Approve the Annual Governance Statement; and
- b) COMMENT on whether the Annual Governance Statement should be sent to ALL members.

4. Background Documents

None.

5. Report Author and Relevant Director

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