



Committee and Date

Audit Committee

28th September 2023

Item

Public



Annual Governance Statement (AGS) Action Plan Update 2023/24

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Cabinet Member (Portfolio Holder):	Lezley Picton, Leader of the Council Brian Williams, Chairman of the Audit Committee Gwilym Butler, Portfolio Holder for Finance and Corporate Resources		

1. Synopsis

The Council produces an Annual Governance Statement to accompany the Accounts, signed off by the CEO and Leader. The AGS for 2022/23 was approved by Audit Committee in June 2023 and this report provides an update on the agreed Action Plan as at September 2023.

2. Executive Summary

2.1. The Shropshire Plan was approved by Council in May 2022 and sets out the Council's Strategic Objectives underpinning four priorities. The 'Healthy Organisation' priority incorporates five Strategic Objectives that reinforce the principles of good governance across the Council including an enabled workforce, our ability to manage change, communication, alignment of resources and strong Councillors. Shropshire Council is committed to the principles of good corporate governance and furthermore it is a requirement under the Accounts and Audit Regulations 2015, Regulation 6, to produce an Annual Governance Statement (AGS) to accompany the annual statement of

accounts, which must be signed by the Leader of the Council and the Head of Paid Service.

- 2.2. As part of the review of the effectiveness of the Council's system of internal controls, Shropshire Council's Code of Corporate Governance has been examined, the results of which informed the approved AGS.
- 2.3. At the meeting of the Audit Committee on 22 June 2023, the Council's draft Statement of Accounts and AGS were approved. Members requested an update on the agreed action plan, this report providing that update. For simplicity, the action plans from 2021/22 and 2022/23 have been combined and progress identified against both plans.

3. Decisions

- 3.1. The Committee is asked to consider, with appropriate comment, the progress made on the actions identified in the Annual Governance Statement Action Plan update at Appendix A.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. Risk management is part of the overall arrangements for internal control and contributes to the Council's position of strong governance. Corporate Governance is part of the overall internal control framework and contributes to the Council's strong governance arrangements. The AGS is drafted based on information contained in the risk register alongside data from assurance statements and officer review groups. The strategic risk register is regularly monitored and updated by senior managers and is a useful, up to date tool to identify governance issues. Consequently, this creates a clear link between the AGS, the strategic risk register, business planning and performance.
- 4.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015.
- 4.3. There are no environmental consequences of this proposal and consultation has been used to inform the original Annual Governance Statement by seeking assurances and evidence from senior officers as to the effectiveness of internal controls and governance processes.

5. Financial Implications

- 5.1. There are no financial implications of this report, although financial details, where appropriate, are provided in the appendix. Any which arise when implementing future improvement activities will be reported upon separately in accordance with approved policies.
- 5.2. By maintaining a system of good governance and managing and mitigating risks where practicable Shropshire Council can ensure that it gets the best value from its assets. The AGS also has a focus on value for money outcomes.

6. Climate Change Appraisal

- 6.1. The AGS recognises the impact of decisions on the climate and the need to reverse policies to reduce emissions in the climate. There are distinct activities allocated to the Executive Director of Place to consider the impact of key decisions and target management of such issues in line with the Council's Climate Change Strategy. Where appropriate, specific details relating to climate change actions are included in the appendix.

7. Background

- 7.1. Shropshire Council is required to prepare an Annual Governance Statement (AGS) to accompany the Statement of Accounts. The AGS is an accountability statement from the Council to stakeholders setting out how well it has delivered on governance over the course of the previous year. The Council demonstrates how it complies with the principles of corporate governance set out in the CIPFA and Solace governance framework; Delivering Good Governance in Local Government: Framework, April 2016, containing seven governance principles. Whilst CIPFA has not established any 'set text' for authorities to use in acknowledging their responsibility for the governance framework, by adopting the framework, the Council ensures that its governance arrangements accord with best practice.
- 7.2. The framework is a discretionary code against which the Council is judged. In addition to the Council acknowledging its responsibility for ensuring governance is effective, the AGS should:
- 7.2.1. focus on outcomes and value for money;
 - 7.2.2. evaluate against the local code and principles;
 - 7.2.3. be in an open and readable style;
 - 7.2.4. include an opinion on whether arrangements are fit for purpose;
 - 7.2.5. include identification of significant governance issues and an action plan to address them;
 - 7.2.6. be signed by the chief executive and leading member in a council.
- 7.3. The framework also requires a section to be included in the AGS that accounts for actions taken in the year to address the significant governance issues identified in the previous year's AGS. This has been integrated within each of the relevant principles and an Action Plan completed.
- 7.4. The Audit Committee play a very valuable role in the development of the AGS and in the finished look of the statement. The Committee's terms of reference include a requirement to review and report on the adequacy of the Council's Corporate Governance arrangements. Compliance with the Code helps to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources to achieve desired outcomes for service users and communities.
- 7.5. The latest AGS was received by Audit Committee and commented upon, and the Committee can now review progress in implementing the actions, so helping to ensure that the AGS is meaningful and is an effective tool for governance improvements.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Annual Governance Statement 2022/23 - Audit Committee 22 June 2023

Approval of the Council's Statement of Accounts Appendix 4 - Annual Governance Statement 2021-22 – Audit Committee 14 February 2023

Local Member: All

Appendix

Appendix A – Annual Governance Statement Action Plan Update
