

Committee: Standards and General Purposes Committee

Date: 23 July 2020

Agenda item: Wards:

All

Subject: Annual Governance Statement 2019/20

Lead officer: Caroline Holland – Director of Corporate Services

Lead members: Peter McCabe- Chair of Standards and GP Committee

Contact officer: Margaret Culleton- Head of Internal Audit

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Recommendations:

- a) The Committee considers and comments on the draft Annual Governance Statement (AGS) for 2019-20
- b) The Committee approves the draft Annual Governance Statement for 2019/20 prior to final sign off by the Leader of the Council and the Chief Executive.
- c) The Committee agree the proposed adjustment to the Whistleblowing policy

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Merton Council is required to prepare an Annual Governance Statement (AGS) for the year 2019/20. This statement is required in order to comply with Regulation 6(3) of the Accounts and Audit Regulations 2015.

2. DETAILS

- 2.1 The purpose of the AGS is to report on the robustness of the Council's governance arrangements. Corporate governance is defined, for the purposes of this report, as:

“ The framework of accountability to users, stakeholders and the wider community, within which organisations take decisions, and lead and control their functions, to achieve objectives. The quality of corporate governance arrangements is a key determinant of the quality of services provided by organisations.”

- 2.2 *Delivering Good Governance in Local Government: Framework, (CIPFA/Solace, 2016)* applies to annual governance statements. The concept underpinning the Framework is that it is helping local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving

the highest standards in a measured and proportionate way. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

3. Background

3.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including its system of internal control. The Council has charged the Standards and General Purposes Committee with keeping the effectiveness of the Council's system of internal control under review and reporting any recommendations for improvement..

3.2 The AGS is a tool to ensure the appropriate profile of governance arrangements in an organisation and demonstrates the Council's commitment to good governance. To have the intended effect, the AGS must be open, honest and balanced. The document should reflect contributions from across the organisation.

3.3 The AGS reviews and reflects upon the Council's governance arrangements at a specific point in time. This review covered from April 2019 to March 2020. In March 2020 the council put in place emergency governance arrangements due to the Covid 19 pandemic. The action plan has included a review of these arrangements and a recovery plan for 2020/21.

3.4 The Head of Audit led the review of the effectiveness and a draft Annual Governance Statement This year's review of effectiveness has been informed by:

- The Head of Assurance Annual Opinion presented to this Committee
- Any comments made by the Council's External Auditors, and outcomes from other review agencies and inspectorates.
- Review against the guidance produced by CIPFA and Solace.

4 Actions from review

4.1 An update on the actions for 2019/20 are included in table 2, two of these actions have been closed and three have been carried over. The actions carried over to 2020/21 include Brexit, financial pressures and procurement.

4.2 The issues to be considered during 2020/21 are set out in table 1. These include

- A recovery plan for the easing of the lockdown, to include short, medium or long term changes including preparation for a second wave.
- The council had a LGA review in 2019/20, which made a number of recommendations which were put on hold during the pandemic, these will be reviewed during 2020/21.

5 Limited assurance report – Internal Audit

5.1 The Internal Audit work for 2019/20 provided eight limited assurance reports. These are set out in the annual report of the Head of Internal Audit, which supports the AGS. (Separate paper to committee).

5.2 All recommendations have been accepted by management and at the time of this review, there were 11 priority 1 recommendations in progress.

6 Whistleblowing policy

6.1 A review of the whistleblowing process has been set up in 2019/20, with monthly meetings held with the Head of Internal Audit, HR and the monitoring officer to review new cases and progress on current ones. A decision was made at the last meeting to discontinue the use of the charity Protect and therefore reference to them has been removed from the policy.

7. ALTERNATIVE OPTIONS

7.1 There are no alternative options as the AGS is a statutory requirement, as stated at paragraph 1.1 above.

8. CONSULTATION UNDERTAKEN OR PROPOSED

8.1 No external consultation has taken place or is planned for this document.

9 TIMETABLE

9.1 This report has been prepared to meet the timetable for the approval of the Statement of Accounts.

10 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

10.1 There are no specific financial, resource or property implications apart from the need to implement the AGS Improvement Plan, which will be completed within existing resources

11 LEGAL AND STATUTORY IMPLICATIONS

11.1 The AGS is a statutory requirement.

12 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION

IMPLICATIONS

- 12.1 There are no specific human rights, equalities or community cohesion implications, except in so far as this report is wholly concerned with good governance.

13 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 13.1 There are no specific risk management or health and safety implications other than the assessment of the Council's risk management arrangements in the AGS

14 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- 14.1 Appendix I: Annual Governance Statement 2019/20.

15 BACKGROUND PAPERS

- 15.2 CIPFA / SOLACE Delivering Good Governance in Local Government – Framework 2016
- 15.3 CIPFA / SOLACE Delivering Good Governance in Local Government – Guidance Note for Local Authorities