

PERTH AND KINROSS COUNCIL

Scrutiny Committee

9 June 2019

ANNUAL GOVERNANCE STATEMENT 2020/21

Report by Head of Legal & Governance Services (Report No. 21/85)

PURPOSE OF REPORT

The purpose of the report is to present for scrutiny and review, the Annual Governance Statement (AGS) for the financial year 2020/21 which provides assurance as to the effectiveness of the Council's governance framework and, in particular, the system of internal control.

1. INTRODUCTION

- 1.1 The purpose of the Annual Governance Statement (AGS) is to give assurance to our stakeholders that we have effective arrangements in place to ensure that, as a Council, we are doing the right things for the right people at the right time in an open, honest and accountable way.
- 1.2 The AGS provides an opportunity to review our rules, resources, systems, processes, culture and values to make sure that our governance framework. We are seeking assurance that our system of internal control is:
 - legally compliant
 - ethically sound; and
 - fit for purpose
- 1.3 This thereby enables the Council to achieve its strategic objectives and provide high quality services that meet the needs of our communities, in an appropriate, efficient and affordable way. It is important therefore, that governance issues are identified systematically and comprehensively and reported in an open and transparent manner.
- 1.4 The past year has been unprecedented and challenging in many ways. During this period, restrictions have meant that the majority of staff and all elected members have been working remotely, heavily reliant on new technology as the Council has sought to maintain the delivery of essential council services during a global pandemic whilst at the same time working with fellow Category 1 responders to take on new tasks to manage and mitigate the public health crisis.
- 1.5 The Annual Governance Statement for 2020/21 is attached as Appendix 1 to this report. It has been prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) Framework: Delivering Good Governance in Local Government and is required to be published as part of the Council's Annual Accounts.

1.6 The AGS is presented here to allow appropriate review and scrutiny by the Committee.

2. GOVERNANCE ASSURANCE PROCESS

2.1 The assurance process to inform the AGS has been developed and refined to take into account the CIPFA Framework and associated guidance and to better reflect best value. It is designed to test the continuing effectiveness of our governance arrangements and to identify current, emerging and potential future risks to enable the organisation to adjust and improve their internal controls to mitigate and manage these effectively.

2.2 Given the unprecedented situation in which we have been operating over the last year, we engaged with our External Auditors as to how we could best manage the evidence gathering, assessment and assurance process to prepare the AGS. Acknowledging that Council's governance arrangements have been assessed, consistently, as effective, evidence from last year was accepted as a baseline. We, therefore, focussed on considering these within the context of operating under civil contingencies legislation and any material changes to the governance arrangements which required to be made during the period, in response to the pandemic.

2.3 Evidence has been gathered by way of self-assessment from each of the Service Management Teams which was then scrutinised and reviewed through the Policy and Governance Group.

2.4 Executive Directors and the Chief Operating Officer have provided Certificates of Assurance in respect of the adequacy and effectiveness of the controls within their area.

2.5 Certificates of Assurance have also been provided by the following officers in respect of their assessment of key corporate controls:-

- Chief Finance Officer (S 95 Officer)
- Head of Legal & Governance Services /Monitoring Officer
- Chief Internal Auditor
- Corporate Procurement Manager
- Information Compliance Manager
- Senior HR Manager
- Corporate Strategic Policy & OD Manager

2.6 Assurance has been provided from the Head of Culture and Communities, in her capacity as the Contract Monitoring Officer in respect of our Arm's Length External bodies (Horsecross Arts Ltd, Live Active Leisure and Culture Perth & Kinross).

2.7 The Perth & Kinross Integrated Joint Board are obliged to produce their own Annual Governance Statement as are the Tayside Valuation Joint Board and Tayside Contracts. We place reliance on their assurance statements which have been shared with the Council.

3. EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS

3.1 In the main, the system of internal control has provided effective during the year with many of the processes, systems and control mechanisms remaining the same, albeit being applied and implemented in a virtual environment. Throughout the year in response to the pandemic the Council has implemented temporary arrangements in relation to decision-making with appropriate governance arrangements. This saw a blend of:-

- operational decision-making exercised under delegated emergency powers with political oversight via weekly meetings of a Sounding Board comprising all leaders of political groups
- decisions under emergency powers being reported back to meetings full council
- suspension of normal committee timetable with exception of quasi-judicial meetings
- increased frequency of meeting of full council
- normal committee timetable

3.2 The assurance process demonstrates that the Council has had and continues to have adequate internal controls in place that are considered fit for purpose in accordance with the governance framework.

3.3 The Council's identified priorities for the foreseeable future are focussed on recovery and renewal from, and any further response necessary to, the COVID-19 pandemic and its consequences for the people, communities, organisations and business in the area. This will include the adoption of sound governance arrangements appropriate to the circumstances.

3.4 Areas previously identified as requiring ongoing monitoring/review or further improvement action will continue to be scrutinised by Service Management Teams and the relevant Council Committees as and when appropriate.

4. RECOMMENDATION

4.1 It is recommended that the Committee:

- (i) Note the content of this report; and
- (ii) Scrutinise and comment on the draft Annual Governance Statement for the financial year 2020/21

Author(s)

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Approved

Name	Designation	Date
Karen Donaldson	Chief Operating Officer	3 June 2020

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	
Community Plan / Single Outcome Agreement	None
Corporate Plan	None
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	Yes
Risk	None
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	None

1. Strategic Implications

Not applicable.

2. Resource Implications

Not applicable.

3. Assessments

Not applicable.

4. Consultation

Internal

- Service Management Teams
- Executive Officer Team
- Corporate Management Group
- Policy & Governance Group
- Chief Internal Auditor
- Corporate Procurement Manager
- Information compliance Officer
- Health, Safety & Wellbeing Manager

External

Staff from the following external organisations have been consulted the preparation of the Annual Governance Statement including:

- Tayside Contracts
- Perth & Kinross Integrated Joint Board
- Live Active Leisure Limited
- Culture Perth & Kinross Limited
- Horsecross Arts Limited
- Tayside Valuation joint Board

5. Communication

- 5.1 The Annual Governance Statement will be published with the Council's Final Accounts for 2020/21

2. BACKGROUND PAPERS

None

3 APPENDICES

- Appendix 1 - Annual Governance Statement 2020/21