

**HUNTINGDONSHIRE DISTRICT COUNCIL**

<b>Title:</b>	Annual Governance Statement: Significant Issues
<b>Meeting/Date:</b>	Corporate Governance Committee – 28 March 2018
<b>Executive Portfolio:</b>	Strategic Resources: Councillor J A Gray
<b>Report by:</b>	Internal Audit & Risk Manager
<b>Wards affected:</b>	All Wards

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**Executive Summary**

The Annual Governance Statement (AGS) is required to include details of any significant governance issues that the Council is aware of. Corporate Management Team having considered this matter are of the opinion that the following five items are significant enough to be included in the 2017/18 AGS.

Housing Affordability *Leading to homelessness and constraining growth.*

Morbidity/Growing number of years of ill health *Impacting on people's ability to be self-reliant, and generating additional cost for us through support needs.*

Wider economic environment *Impact on CIS/Business Rates receipts, and level of need from residents.*

Skill levels and educational attainment *As a means by which residents are able to attract profitable work and in attracting employers to the area.*

Partner agency operational pressures *Financial challenges of partners impacting on demand for our services or reducing existing support.*

Following Committees decision as to which items are deemed significant, the AGS will be written and presented to the July meeting for approval.

**Recommendation**

It is recommended that the Committee:

1. Approve as significant governance issues for the 2017/18 AGS the following:
  - Housing Affordability
  - Morbidity/Growing number of years of ill health
  - Wider economic environment
  - Skill levels and educational attainment
  - Partner agency operational pressures
2. Determine if there are any other issues that warrant inclusion in the 2017/18 AGS.

## **1. PURPOSE OF THE REPORT**

- 1.1 This report sets out the significant issues identified for inclusion in the 2017/18 Annual Governance Statement (AGS).

## **2. BACKGROUND**

- 2.1 The Accounts and Audit Regulations 2015 require the Council to conduct a review of the effectiveness of its system of internal control and prepare an AGS each year. The Regulations also require the AGS to be approved by the Committee prior to its approval of the statement of accounts, the statutory deadline for which is the 30 September.

- 2.2 The Committee is being asked to consider those issues that it feels are significant enough to warrant inclusion in the AGS, so ensuring that there is no delay to its approval when presented to the Committee in September.

- 2.3 The Committee have previously considered an issue to be significant if it:
- seriously prejudiced or prevented the achievement of the Corporate Plan themes and aims;
  - resulted in the need to seek additional funding or the significant diversion of resources;
  - led to a material impact on the financial statements;
  - attracted or have the potential to attract significant public interest or have had an impact on the reputation of the Council;
  - resulted in formal action being undertaken by the Head of Resources or the Monitoring Officer.
  - had been identified by the External Auditor or the Committee as being significant;
  - had been reported by the Internal Audit & Risk Manager as significant in their annual internal audit opinion;
  - resulted in disclosures of serious incidents relating to information governance, including data loss or confidentiality breach;
  - put a major programme or project at risk.

## **3. ANALYSIS**

- 3.1 Corporate Management Team have considered the Council's overall governance systems, structures and partnerships and are of the opinion that the following issues should be considered for inclusion in the AGS:

### **Housing affordability**

- 3.2 This issue is one which impacts on the Council's ability to deliver the Corporate Plan primarily through the escalating financial consequences of homelessness and the ability to recruit suitably experienced and qualified staff. Furthermore it also has a bearing on the mobility of the local labour market and inward investment and business growth opportunities.

### **Morbidity/Growing number of years of ill health**

- 3.3 Increasing pressures are being felt by many parts of the public sector, primarily through the growing demand on support costs, through such things as disabled facilities grants and personal care costs. This is not

something that any single agency has ownership of, but requires joint working to deliver effective solutions. For this reason it is considered appropriate that it be included in the AGS.

#### **Wider economic environment**

- 3.4 The Council is very much reliant on the private sector to deliver one of its key Corporate Plan strategic priorities – delivering sustainable growth across the District. Whilst the Council is able to assist the private sector in a number of ways, external factors such as a market volatility will have a greater impact, which in turn will have direct impacts on the Councils financial plans and forecasts for new homes bonus, council tax and business rates incomes.

#### **Skill levels and educational attainment**

- 3.5 Linked to the issues noted above, it is important that the workforce within the area not only becomes more self-reliant but also contributes to the areas ability to grow and thrive. A skilled and flexible workforce who possess digital skills will allow the Council to transform its current delivery models and offer new methods of service delivery.

#### **Partner agency operational pressures**

- 3.6 There is evidence to suggest that as parts of the public sector reduce their input into communities, that the demand merely transfers to other agencies. In Huntingdonshire whilst partners work well together there continues to be the challenge of controlling additional demand and the corresponding budget pressures that it brings.

### **4. RISKS**

- 4.1 Where reviews of governance arrangements have revealed significant gaps which will impact on the authority achieving its objectives, the AGS is required to reflect this position and outline the action to be taken to ensure effective governance in the future. The external auditors in forming their Value for Money (VFM) opinion, will review the AGS as part of considering the Council's 'proper arrangements' to secure economy, efficiency and effectiveness on the use of resources. If they consider the AGS is not reflective of our governance arrangements a qualified VFM opinion may be issued.

- 4.2 The Accounts and Audit Regulations 2015 (Para 6, section 4a) require the AGS to be approved before the statement of accounts. The AGS will be presented to the Committee at its July meeting alongside the statement of accounts. To ensure that Committee raise no objections to the AGS at the July meeting, a copy of the draft AGS will be circulated to the Committee and External Audit for review and comment ahead of that meeting.

### **5. LINK TO CORPORATE PLAN**

- 5.1 The Councils governance arrangements underpin the delivery of the Corporate Plan by ensuring good management, performance, financial stewardship, public engagement and ultimately the outcomes for local people and service users. The AGS details how the governance arrangements operate in practice.

**6. LEGAL IMPLICATIONS**

- 6.1 Whilst the AGS has to be approved by the 31 July, the legal implications from non-compliance are considered to be low. The external auditor would refer to the matter in their annual audit letter which may have an effect upon the Council's reputation.

**7. RESOURCE IMPLICATIONS**

- 7.1 There are no direct resource implications arising from this report.

**8. REASONS FOR THE RECOMMENDED DECISIONS**

- 8.1 Committee are being asked to approve significant governance issues for inclusion in the 2017/18 AGS. The intention is that this will allow the AGS to be drafted and approved at their July meeting without further change or amendment.

**BACKGROUND PAPERS**

None

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