

Annual Governance Statement 2023/24

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Somerset
Council

What is the Annual Governance Statement

- First AGS for the new Somerset Council
- Good Governance is not a 'nice to do' its essential and especially during times of emergency and significant organization improvement and transformation.
- Good governance means the framework and processes by which organisations are led, directed, controlled, and held to account. It is also about culture and values - the way that councillors and officers think and act.
- The Annual Governance Statement describes our assessment of how effective our governance framework and internal control arrangements were for the 2023-24 year. The AGS Action Plan sets out our planned improvements and actions.

What do we evaluate?

Somerset Council Governance Code (2023)

Our commitment to good governance is made across the following core principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of intended outcomes.
- E. Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Using the Annual Governance Statement

- Reviewed SOB, CLT, Internal Audit feedback and core evidence base
- Drafted:
 - i. AGS 2023/24 Statement [Somerset Council Draft AGS 2023-24.docx](#)
 - ii. Annex 1 2024/25 Action Plan [Annex 1](#)
 - iii. Annex 4 2023/24 Local Code of Governance [Annex 4](#)
 - iv. Annex 5 Schedule of 2023/24 Governance Issues [Annex 5](#)
- Progressing upload and use of IdeaGen for AGS Action Plan and ongoing reporting to Statutory Officers Board and Audit Committee

Internal Audit Annual Opinion

The Head of Internal Audit's annual opinion gives limited assurance as to the effectiveness of the Councils internal control environment for 2023-24 is:

"The control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives.

- *Significant number of medium and/or critical risk rated weaknesses identified in individual audit engagements.*
- *Isolated critical and/or high risk rated weaknesses identified that are not systemic.*
- *Internal audit has concerns about managements approach to resolving identified issues. "*

Internal Audit Annual Opinion

- Internal Audit has highlighted that as a newly formed authority on the 1 April 2023 Somerset Council had the challenge of bringing the five legacy authorities together as well as the additional challenge of implementing a new financial system.
- The organisation has not benefited from well-established core financial controls and governance arrangements with a stable staffing structure to support them.
- Somerset Council has, however, been proactive in taking steps to strengthen spend controls through the creation of the spend control boards and the governance around how it operates since the financial emergency declaration.
- Internal Audit has recognised that controls and governance were strengthening during 2023-24, although not at a pace to provide reasonable assurance for the 2023-24 financial year.

Key issues from Exec Director Assurance

- Contract Procedure Rule breaches
- Contract agreements and management
- Regular budget monitoring for service heads and managers
- Single points of failure and risks for succession plans
- Managing governance through transition in 2023/24 from legacy councils and now significant organisational change in 2024/25

Governance Issues identified

Priority 1	Fundamental to the integrity of the organisation's policies and processes that require immediate attention	9	By end Q2 24/25*
Priority 2	Important findings that need to be resolved	41	By end Q4 24/25*
Priority 3	Finding that requires attention	15	By end Q2 25/26*

AGS Action Plan

- AGS Action Plan developed for 2024/25 and 2025/26
- Actions to be owned by relevant Executive Director and delivered by respective Service Directors using Ideagen (same platform as performance & risk)
- Governance Issues drawn from 2023/24 organisational structure
- Action Plan to transition to new organisational structure
- Regular monitoring of progress through Statutory Officers Board and reporting to Audit Committee every 6 months

AGS Conclusion

- There are some issues with compliance and need for action to improve specific areas.
- Governance issues are consistent with similar LGRs and the harmonisation of governance policies, framework and the culture of a new council.
- The opinion of the S151 Officer (Chief Financial Officer) is that the Council continues to operate robust internal controls and good public financial management.
- Further action is required to manage financial pressures and develop strategies to meet the long-term financial challenges that face the Council.
- It is the opinion of the Monitoring Officer, that the Council has complied with its Constitution and its corporate governance arrangements are sound.

AGS 23/24 – Timetable and Milestones

Checkpoint	Date
Unaudited financial statements deadline (assuming Statement of Accounts deadline moved from 31/5/24 to 30/9/24)	30 September 2024
AGS to Audit Committee (as part of Statement of Accounts)	27 September 2024
Draft AGS to Audit Committee	29 August 2024
Draft AGS to Informal Executive	12 August 2024
Draft AGS to Statutory Officers Board	6 August 2024
Draft AGS to ELT	5 August 2024
AGS evidence base, review responses and first draft AGS and Action Plan	By 22 July 2024