

**HUNTINGDONSHIRE DISTRICT COUNCIL**

<b>Title:</b>	Approval for Publication of the 2018/19 Annual Governance Statement and the Annual Financial Report
<b>Meeting/Date:</b>	Corporate Governance Committee – 25 July 2019
<b>Executive Portfolio:</b>	Strategic Resources: Councillor J A Gray (Deputy Executive Leader)
<b>Report by:</b>	Head of Resources
<b>Wards affected:</b>	All Wards

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**Executive Summary:**

The Council is required by statute to produce both an Annual Governance Statement (AGS, **Appendix A**) and an Unaudited Annual Financial Report (AFR, **Appendix B**). Both of these documents are produced in line with statutory regulations and are required to be approved by 'those charged with governance' and published by 31 July.

In respect of the AGS, the main themes for 2018/19 are:

- Housing affordability
- Morbidity/growing number of years of ill health
- Wider economic environment
- Skill levels and educational attainment
- Partner agency operational pressures
- Environmental pressures

At the time of publication the agenda the AGS is not finalised and will follow in due course.

In respect of the Unaudited AFR, members should note:

- Achieved underspend of £0.248m against a budget of £17.282m
- Net contribution to reserves of £1.210m
- Continued to maintain General Fund Reserves at 15% of net expenditure
- Delivered acquisitions of £11.418m in relation to the Commercial Investment Strategy as a part of the on-going £30m business plan
- Delivery of Business Rates growth within the Enterprise Zone of £1.132m

However, due to circumstances beyond the Council's control the audited AFR is not available for approval by this committee. This is due resourcing issues experienced within Ernst and Young (EY), our auditors and therefore an audit opinion will not be presented to this committee for approval by 31<sup>st</sup> July 2019. However, the Council must still meet its statutory obligations; therefore we are required to publish the Unaudited AFR and a Notice of Publication (**Appendix C**).

**Recommendations:**

1. Approve the Annual Governance Statement (**Appendix A**) and authorises the Executive Leader and Managing Director to sign the Statement on behalf of the Council.
2. Consider and approve the Unaudited Annual Financial Report (**Appendix B**).
3. Consider and approve the Notice of Publication (**Appendix C**).

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

- 1.1 To complete the processes for finalising and publishing the Council's Annual Governance Statement (AGS) and Annual Finance Report (AFR) for 2018/19.

## **2. BACKGROUND**

- 2.1 The Corporate Governance Committee is designated as 'those charged with governance' and consequently it is required to approve both the AGS and AFR prior to publication by the statutory deadline of 31 July. To do this the Committee needs to follow the stages in the order shown in the report.

## **3. APPROVE THE ANNUAL GOVERNANCE STATEMENT (TO FOLLOW)**

- 3.1 The Committee, on behalf of the Council is required to review once a year the effectiveness of its system of internal control and following that review approve the AGS. The AGS will be published alongside the AFR and is shown at **Appendix A**.

- 3.2 A copy of the draft AGS has been previously circulated to all Committee members and no comments has been received.

- 3.3 The governance statement includes 5 significant themes:

- Housing affordability
- Morbidity/growing number of years of ill health
- Wider economic environment
- Skill levels and educational attainment
- Partner agency operational pressures
- Environmental pressures

- 3.4 These issues notwithstanding, the governance arrangements and the internal control environment are considered to be operating effectively.

## **4. ANNUAL FINANCE REPORT**

- 4.1 2018/19 has been another challenging year for the Council with the continued pressure on Government funding. During 2018/19 the Council has continued to deliver against its corporate objectives and budget.

- 4.2 The financial position reported in the AFR sets the foundation for the Council to strive to become financially independent from Central Government, in light of the continued spending reviews and the Fair Funding Review promised by Central Government.

The key tools of this strategy include:

- Continued implementation of the Commercial Investment Strategy
- Comprehensive review of all budgets
- Adoption of a Transformation Programme looking at enterprising and collaborative solutions

4.3 Key highlights from this year's financial performance are as follows:

- Achieved underspend of £0.248m against a budget of £17.282m
- Net contribution to reserves of £1.210m
- Continued to maintain General Fund Reserves at 15% of net expenditure
- Delivered acquisitions of £11.418m in relation to the Commercial Investment Strategy as a part of the on-going £30m business plan

4.4

## **5. KEY IMPACTS**

5.1 Paragraph 3 above outlines the control observations and the associated management comments.

## **6. LINK TO THE CORPORATE PLAN**

5.1 Ensuring we are a customer focused and service led Council – to become more business-like and efficient in the way we deliver services. The production of the AFR is also a statutory requirement.

## **7. CONSULTATION**

7.1 In line with the Account and Audit regulations the AFR was available for inspection from 3 June to 12 July 2019.

## **8. LEGAL IMPLICATIONS**

8.1 There are no direct legal implications arising from this report.

## **9. RESOURCE IMPLICATIONS**

9.1 There is a specific budget for the Audit Fees.

## **10. REASONS FOR THE RECOMMENDED DECISIONS**

10.1 The process that has been followed in preparing the AGS and the AFR has been thorough and in line with statutory regulations.

10.2 The issues that have been identified for inclusion within the AGS are referenced within the statement and are a reflection of the current situation.

## **11. LIST OF APPENDICES INCLUDED**

Annex A – 2018/19 Annual Governance Statement  
Annex B – 2018/19 Annual Financial Report (Draft)  
Annex C – Notice of Publication of Statement of Accounts

## **BACKGROUND PAPERS**

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