Birmingham City Council

Audit Committee

25th June 2025

Title:	ANNUAL GOVERNANCE STATEMENTS FOR 2022/22 AND 2023/24
Lead Member:	Cllr Rob Pocock
Relevant Overview and Scrutiny Committee:	Not Applicable
Has this report been shared with the relevant Overview and Scrutiny Committee Chair?	Not Applicable
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Authorised by:	Marie Rosenthal, City Solicitor Legal and Governance
Is this a Key Decision?	No
Reason(s) why not included on the Forward Plan and confirm who has authorised it to be considered:	Not Applicable
Is this a Late Report?	No
Reason(s) why Late and confirm who has authorised it to be considered:	Not Applicable
Is this decision eligible for 'call in?'	No
If 'call-in' has been dis-applied, please provide reason(s) and confirm who has authorised:	Not applicable

Wards: Not Applicable

Does this report contain exempt or confidential information? No

Has this decision been included on the Notification of Intention to consider Matters in Private?	Not Applicable
Reasons why not included on the Notification and confirm who has authorised it to be considered:	Not Applicable

1 EXECUTIVE SUMMARY

1.1 To date the Council has not signed off its 2022/23 and 2023/24 Annual Statement of Accounts.

1.2 This report presents the AGS for 2022/23 and the AGS 2023/24 for publication with the draft Statement of Accounts.

COMMISSIONERS' REVIEW

1.3 The Annual Governance Statement is an important document that sets out key governance issues facing your local authority. To be of value, they not only need to reflect the formal position as documented in the constitution, but also the compliance and improvement issues being dealt with. Producing a statement which records what should be the case when the evidence demonstrates that it is honoured in the omission is unacceptable. The delay in bringing these statements in front of Members is due to Commissioners intervening to prevent what was essentially a fiction being presented for endorsement.

1.4 The statements now before the Committee do set out the key governance weakness over the relevant periods in some detail. The contents show clearly that the Council was in a serious situation, mostly of its own making. Improvements have been made in some areas, but it will be a long road to recovery that will require real discipline and hard work. Culture played and continues to play an important part in the position detailed in the AGS and the Council must learn from the past and act differently. One of the key lessons must be to highlight and address problems as they arise and not bury bad news. A far more open culture that focuses on evidence-based decision making is starting to develop and must be encouraged. It is also important to review how every officer, whether permanent or temporary, understands their role in compliance with governance processes before being allowed to exercise any delegated authority.

2 RECOMMENDATIONS

That the Committee:

2.1 **agree to the two draft AGS documents being published along side the draft Statements of Accounts; and**

2.2 **make any suggested amendments to the contents of these documents to assist in preparation of the final version for approval.**

3 KEY INFORMATION

Context

3.1 The Council is required to include an Annual Governance Statement (AGS) as part of the Annual Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance

arrangements in the year ahead. The final statement will be signed by the Managing Director and the Leader of the Council.

3.2 Unfortunately, the Council's Statement of Account for 2022/23 and 2023/24 have not yet been signed off by the Council.

4.5 The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.

4.6 The AGS's are presented to the Audit Committee in draft form and aim to reasonably reflect the Committee's knowledge and experience of the Council's governance and control during the relevant periods covered.

4.7 The AGS's have been compiled by officers upon the following:

- A review of the extent to which the Council has complied with each element of its governance requirements;
- A review of the Council's governance arrangements, based on the CIPFA/Solace Delivering Good Governance in Local Government Framework.
- Self-assurance statements prepared shortly after the relevant financial years by directors and input from the Corporate Leadership Team;
- Internal Audit and External Audit's opinion on the Council's compliance with its own governance arrangements.

4.8 The AGS is also prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (Solace). The key elements identified in the Statement are:

- The Council's responsibilities for ensuring a sound system of governance;
- An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the governance environment;
- An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;
- The identification of any significant governance issues, and an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
- Reference to how issues raised in the previous year's Statement have been resolved;
- A conclusion demonstrating a commitment to monitoring implementation through the next annual review.

4.9 'Significant Governance Issues' are those that:

- Seriously prejudice or prevent achievement of a principal objective of the authority;
- Have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- Have led to a material impact on the accounts;
- The Audit Committee advises considered significant for this purpose;
- Internal Audit reports on where it is considered that there is a lack of an internal control environment;
- Have attracted significant public interest or have seriously damaged the reputation of the organisation;
- Have resulted in formal action being undertaken by the Section 151 Officer and/or the Monitoring Officer.

Proposal and Reasons for Recommendations

3.3 The Council has a statutory requirement to provide an AGS with its Annual Statement of Accounts. Therefore, there are no alternative options to be considered and it is recommended that the Audit Committee consider the AGS documents to confirm they are consistent with their own perspective and to make any suggested amendments before the final versions are produced for sign off.

Other Options Considered

3.4 No other options have been considered, it is a statutory requirements to provide the reports.

4 RISK MANAGEMENT

4.1 The submission of an AGS is a statutory requirement. The Council must publish a report in order to comply with its legal obligations.

5 CONSULTATION

5.1 This report is consulting with the members of Audit Committee to obtain their thoughts on the second addendum and approval to submit the completed AGS documents for publication by the Council.

6 MEMBER ENGAGEMENT

Ward Councillor(s)

6.1 Not Applicable

Overview and Scrutiny

6.2 Not Applicable

Other

6.3 Not Applicable

7 IMPACT AND IMPLICATIONS

Finance and Best Value

7.1 There are no financial implications.

Legal

7.2 The deliver of an Annual Governance Statement is a statutory requirement which enhances reporting on governance issues.

Equalities

7.3 There are no impact on the Council's equality duty.

Procurement

7.4 There are no procurement impacts.

People Services

7.5 There are no people services impacts.

Climate Change, Nature and Net Zero

7.6 There are not climate change, nature or net zero impacts.

Corporate Parenting

7.7 There are no corporate parenting impacts.

Other

7.8 There are no other impacts identified.

8 APPENDICES

8.1 Appendix A – Annual Governance Statement 2022/23

8.2 Appendix B – Annual Governance Statement 2023/24

9 BACKGROUND PAPERS