

SOUTH STAFFORDSHIRE –DRAFT ANNUAL GOVERNANCE STATEMENT 2023 – AUTHOR: L FOWKES – 20 JUNE 2023

SOUTH STAFFORDSHIRE COUNCIL

Annual Governance Statement

1. Introduction

South Staffordshire Council is committed to improving governance on a continuing basis through a process of evaluation and review in accordance with the Council's governance framework.

Each year the Council is required to produce an Annual Governance Statement (AGS) by the Accounts and Audit (England) Regulations 2015 to be published alongside the Statement of Accounts. The AGS is in accordance with the Guidance issued by Chartered Institute of Public Finance and Accountancy (CIPFA) – Delivering Good Governance in Local Government – issued in 2016. There were no changes to the legal framework or CIPFA guidance for this year.

The key purposes of the governance framework are to ensure that:

- business is conducted in accordance with the law and proper standards,
- public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility,
- proper arrangements for the governance of its affairs, and that
- there are effective arrangements for the management of risk.

The AGS sets out how the corporate governance arrangements have been working and the effectiveness of the systems of internal control during the year. It also sets out any key changes during the financial year up to the date of approval of the Annual Financial Report. This AGS will be formally considered at the meeting of the Council's Audit and Risk Committee on 3 October 2023.

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2. The Principles of Governance

South Staffordshire Council's governance framework derives from six core principles identified in Delivering Good Governance in Local Government.

The publication defines governance as:

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

It goes on to state that:

To deliver good governance in the public sector both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The guidance sets out 6 key principles – set out below are the principles and how we aim to meet them:

- 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 the intended outcomes***
- e) Developing the entity'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***

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3. How do we know that our arrangements are working?

Set out below is a table the measures in place to measure how we are performing against these Core principles and any issues identified from the measures in place.

Core Principles from the CIPFA Framework	Assurances required	Sources of assurance	Review of Effectiveness
<ul style="list-style-type: none"> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law Ensuring openness and comprehensive stakeholder engagement Defining outcomes in terms of sustainable economic, social and environmental benefits Determining the interventions necessary 	<ul style="list-style-type: none"> Delivery of and communication of the Council Plan Quality services are delivered efficiently and effectively Clearly defined roles and functions Management of risk Effectiveness of internal controls 	<ul style="list-style-type: none"> The Constitution and internal delegations Council, Cabinet and Committees Audit and Risk Committee Scrutiny including Overview and Scrutiny and Asset Scrutiny Panel Standards and Resources Committee Internal and External 	<ul style="list-style-type: none"> External Audit Report – opinion Annual Internal Audit Report – substantial assurance Annual Statement of Accounts Local Government Ombudsman Report – no upheld complaints against the Council in 2022/2023 Scrutiny reports – including reports from the Asset Scrutiny Panel Residents’ survey Annual Governance Statement

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<p>to optimise the achievement of the intended outcomes -</p> <ul style="list-style-type: none"> • Developing the entity's capacity, including the capability of its leadership and the individuals within it • Managing risks and performance through robust internal control and strong public financial management 	<ul style="list-style-type: none"> • Compliance with laws, regulation, internal policies and procedures • Value for money and efficient management and resources • High standards of conduct and behaviours • Public accountability • Published information is accurate and reliable • Implementation of previous governance issues 	<p>Audit</p> <ul style="list-style-type: none"> • Corporate and Extended Leadership Team • Council Plan • Medium Term Financial Strategy • Capital Strategy • Codes of Conduct • Integrated Performance Management Framework • HR policies and procedures • Whistleblowing and anti-fraud policies 	<ul style="list-style-type: none"> • Staff Surveys • LGA Peer Review Report
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		<ul style="list-style-type: none">• Evolution Programme• Residents survey• Staff and member training• Complaints system• Financial Procedure Rules• Contract Procedure Rules• CMIS (the Council's committee management information system)	
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Principle A) - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The standards of conduct and personal behaviour expected of Members and officers are defined and communicated through Codes of Conduct, protocols and the Council's constitution. Arrangements are in place to ensure that officers and members are made aware of what is expected of them and details on how to make a complaint are set out clearly on the Council's website.

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Importantly the Council's Standards and Resources Committee meets regularly and receives regular updates on conduct complaints. The Standards and Resources Committee promotes and maintains high standards of conduct by members proactively and deals with any allegations that a Member is in breach of the Council's Code of Conduct. The Council adopted a revised Code of Conduct in May 2022 and training on the revised Code was provided shortly afterwards. Training for all members was provided post May 2023 elections.

A key part of the remit of this Committee is overseeing responsibility for the policy on Comments, Compliments and Complaints, this includes receiving reports on the complaints and comments made by residents and others and the lessons learned as a result. The Committee receives all copies of reports from the Ombudsman and also receives updates to every meeting on any substantial cases.

The Standards and Resources Committee Chairman reports to Council on matters arising from the Committee.

The Council has an Anti-Money Laundering policy in place, as well as a Whistleblowing policy; both of these policies were reviewed in 2021/22 and approved at the January 2022 meeting of the Standards and Resources Committee. The Council last revised its Counter Fraud and Corruption Policy in November 2019. This policy is due to be revised in 2023 and once approved will be disseminated to staff and made available on the Council's website. Any issues regarding any of these policies are reported to the Council's Audit & Risk Committee.

The Section 151 Officer confirms that the Council's financial management arrangements conform with the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2010).

Principle B) Ensuring openness and comprehensive stakeholder engagement

The Council continues to engage with the community and partners individually and collectively to demonstrate that it delivers services and outcomes that meet the needs and expectations of the public.

All Council meetings are open to the public except where personal or confidential matters are discussed; all main meetings are recorded and the recordings made available on the Council's YouTube channel with a link to this on the Council's website. All public agendas and minutes are placed on the Council's website, along with the Council's policies and strategies. The website has been refreshed with greater accessibility tools and improved search function, ensuring improved access for residents. The Council continues to use Social Media to get the message

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out as to what is taking place at relevant Committees and also by sharing a weekly note with Parish Councils (which they in turn share with their communities) as to what is happening at the Council this week. This is in addition to the Council's newspaper, the South Staffordshire Review, published twice yearly.

It should be noted that a clear statement of the Council's purpose and vision was set out in the Council Plan 2020-2024. This plan, was agreed by Council in March 2020; this sets out the Council's vision, its approach and its priorities:

- Prosperous Communities
- Vibrant Communities

Again, a series of targets were set and these will be monitored and reported against over the coming plan period. The coronavirus pandemic inevitably impacted on the Council's ability to achieve some of these targets. This was considered by senior management throughout the pandemic and reported through to Councillors. Some targets were amended or suspended in light of this reconsideration. 2023/24 is the final year of the current Council Plan and a new plan will be produced for the 2024-2028 period.

Principle C) Defining outcomes in terms of sustainable economic, social and environmental benefits

In addition to the approach taken on Council Plan outcomes detailed above the Council has in place a number of other ways in which it defines the outcomes for its communities. With the onset of the covid pandemic, the priorities for our communities and therefore the Council shifted. The need to change quickly has continued with the impact of the war in Ukraine and the asylum and refugee programmes being two recent examples of the changing and challenging environment for local government. The impact of the increasing cost of living has also been one the Council has had to take into account. Increased call on welfare and support services has been seen and accommodated.

The Council reviewed and continues to do so, the support made available to our residents and businesses to ensure economic and other benefits. A ten point plan for recovery in the economic development area is in place. Like all of the Council plans and policies, environmental impacts are integrated into the plan.

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Alongside the response to the challenges and changes faced, financial stability continues to be a priority for the Council. A balanced budget for a three year period continues to be maintained. It is however a challenging time and the Council is aware that significant issues and challenges lie ahead; the Resource Planning and Prioritisation (RPP) process provides a continuous process to ensure this remains at the forefront.

The Council incorporates all elements of performance management into one integrated approach. This is reported to Cabinet on a quarterly basis and to Overview and Scrutiny Committee on half-yearly basis, with an annual report to Council. This provides effective member oversight on all key issues including budget, performance and risk.

Principle D) - Determining the interventions necessary to optimise the achievement of the intended outcomes -

The approach to performance management is detailed above. A key part of this is the role of Scrutiny by members through the 3 Scrutiny Committees namely Overview and Scrutiny Committee, Wellbeing Select Committee and the Asset Scrutiny Panel and the three Challenge Panels which report to the Overview and Scrutiny Committee. The Challenge Panels have been renamed Member Working Groups for 2023 onwards and a more flexible approach adopted – ensuring these important member groups have the opportunity to be involved in and shape key issues for the Council and residents. In October 2022 a peer review was carried out by the Local Government Association (LGA) this can be seen [here](#). The Peer Review overall gave a positive report recognising the organisation as a “very impressive council which is clearly focused on delivering for the communities of South Staffordshire”. A follow up meeting is scheduled for July 2023 and results of that will be reported to Overview and Scrutiny Committee in the autumn.

The Council has a learning culture, seeking to take examples of best practice and build on these within the existing positive environment. The Council takes opportunities to learn from others including engaging with Peer Reviews at other authorities, and taking part in the IESE Council of the Year events.

Principle E) - Developing the entity’s capacity, including the capability of its leadership and the individuals within it

The Council has looked to develop a workforce that looks to do things differently in order to meet both the financial challenges we face and to further strengthen our communities. This approach has continued in 2022/2023 and continues to date; whilst the terminology may have changed, the approach of continuous challenge and change remains. A key element is the Council’s Resource Planning and Prioritisation

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process (RPP). Whilst structured on an annual basis to tie-in with budget setting, the RPP process is a continual one with regular meeting between CLT and the Assistant Directors to track and challenge progress and issues throughout the year. In addition, the Assistant Directors have undertaken a piece of work mapping the key deliverables and how these interact across the Council to ensure forward planning minimises any potential negative impacts and maximises the benefits. This was originally termed a 'pinch points' exercise but has expanded and developed to incorporate the service priorities across the Council, feeding into service planning.

Evolution Programme has been introduced to continue to provide operational clarity of direction over the next four years. The Programme builds on the culture and environment of the council and sets out four key operational strands. This will be built upon and taken forward in future years.

The Council remains committed to developing its staff and has a comprehensive Workforce Strategy which seeks to align workforce plans with our RPP model, providing strategic direction for workforce planning. Alongside this, there is a Wellbeing Strategy addressing and expanding the support offered to staff. In 2022 a senior leadership coaching programme was held to enhance the skills of CLT and Assistant Directors and then Team Managers. It is proposed that this will be extended to Assistant Team Managers in 2023.

In a staff survey undertaken in 2022 93% of staff surveyed would recommend the council as a place to work.

The Council remains committed to a One Team One Council approach to development, performance management and recruitment of staff and that the key five values of trust: transparency, positive relationships, listening to people and pride are embedded into the organisation.

In 2022/23 the Council:

- Commenced the next round of the Aspire programme - for developing future talent and for being your best self
- Continued the 'Ways of working' supported by training programme
- Continued to consider the recruitment of apprentices where possible

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A new recruitment platform was launched, with applicants commenting positively in respect of the look and functionality. The Council is seeking to be an Employer of Choice and has a number of offers in this area.

Alongside staff development the Council prioritises member engagement and development focusing on three key areas:

- Information - sharing information with members in a timely and effective way
- Engagement - Members have a clear focus of local priorities through the ongoing development of locality working and a number of mechanisms are in place to ensure engagement with officers
- Training - Members are kept up to date on key topical areas through regular training opportunities

Members receive a monthly communications note from the Leader of the Council and regular communications from the Chief Executive and CLT on key matters. There is a bespoke weekly news round-up distributed by email to all members, capturing key events and news items of interest to members. The CEO meets with Group Leaders on a quarterly basis and the Leader of Council and Deputy Leader weekly and is joined by CLT colleagues. Virtual ward walks, giving members the opportunity to raise local issues and strategic matters with members of CLT have been held and post May 2023 elections these are being held in person, giving members the opportunity to showcase their wards alongside highlighting any local issues. The Leader and the Chief Executive meet with Parish Chairmen to ensure close engagement and working with this level of local government.

Training for members has continued in key areas such as planning and Code of Conduct. The training for members is co-ordinated by a panel of members known as the Member Engagement and Training Group; this meets quarterly and regularly reviews and challenges the training provided for members. In 2022 training took place for members but was limited due to the forthcoming May 2023 all-out elections. Post election, a comprehensive member induction and training programme, with LGA support, has been put in place; ensuring members are equipped to undertake their role and to ensure sound decision making.

SOUTH STAFFORDSHIRE –DRAFT ANNUAL GOVERNANCE STATEMENT 2023 – AUTHOR: L FOWKES – 20 JUNE 2023**Principle F) - Managing risks and performance through robust internal control and strong public financial management**

The Council considers and counters risk across a broad range of areas supported by an approved risk management approach. As part of good governance risk management is built into the Integrated Performance Management Framework alongside budget management and performance. These reports are taken by the Council's Corporate Leadership Team to Cabinet for its approval.

Reports on risk are also taken regularly to the Council's Audit & Risk Committee.

The Audit & Risk Committee met regularly during the year to consider regular reports from internal audit on systems reviews, quarterly risk management reports from the responsible s.151 officer and the Annual Audit and Inspection Letter.

The Internal Audit section has delegated responsibility for monitoring the effectiveness of systems of internal control, beyond the merely financial, and plays an important role in the Council's risk management processes. The audit plan is based upon formal risk assessment methodologies and is approved by the Audit and Risk Committee each year. Audit reports, including assessments of the adequacy of controls and recommendations for improvements, are sent to the responsible officers and the Audit and Risk Committee. Recommendations must be either accepted, with an appropriate action plan, or rejected with reasons given. Regular reviews follow up on the implementation of agreed recommendations.

The Audit & Risk Committee receives regular reports on the work of Internal Audit. Where specific problems are found the manager will be called to the Audit & Risk Committee to explain the situation and present their plans for improvement. This will be followed up in a subsequent report by Internal Audit.

As set out above regular reports are brought to Cabinet on compliance with the budget during the year, as part of the integrated Performance Management Framework. This is in addition to the approach taken on setting the budget, where all members have been involved at an early stage in the budget setting process. As part of the RPP process Cabinet and all members are engaged at an early stage with briefings on key issues, risks and opportunities undertaken from July; this is then followed by a more detailed session in late Autumn setting out options and budget implications. Then in January the final round of RPP sessions are held prior to the formal budget setting process.

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In 2021 the Council entered into a shared service arrangement with Staffordshire County Council for its internal audit function. This gives greater resilience and provides a wide pool of expertise and experience benefiting the council going forward.

4. Review of Effectiveness

South Staffordshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by the work of the Corporate Leadership Team and the Extended Leadership Team within the authority who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the system of governance includes the following elements:-

- **Governance and Monitoring of the Constitution** - The Council's Monitoring Officer is responsible for governance and reviewing the Constitution on a regular basis in order to ensure that it continues to operate effectively – this has taken place on a number of occasions including the annual review which went to Annual Council on 23 May 2023.

No significant issues have been identified.

- **Scrutiny and Challenge** – Self-regulation is key to the Local Government performance management framework in England - ultimately the Council is responsible for its own performance. This takes place internally through the Corporate and Extended Leadership Team and through members. It is clear that there is regular and careful scrutiny of the Council's performance against its targets. A key part of this is through the formal scrutiny process but also through the Member Working Groups. Overview & Scrutiny has provided a method for members to look at key areas including performance against the priorities. This has helped inform the approach taken by Cabinet, officers and wider partners.

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No significant issues have been identified.

- **Audit Functions**

External Audit - A critical part of this framework is the role of external audit providing advice and challenge where appropriate including supporting the training programme for members. It is pleasing to note that there has been no qualification issue on the accounts in previous years. The Council has also received unqualified conclusions on its arrangements to secure value for money.

Financial Arrangements - The Section 151 Officer confirms that the Council's financial management arrangements conform with the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2010).

Internal Audit – In 2022/23 the internal audit service carried out 22 reviews and of these:

- 9 were rated Substantial Assurance;
- 9 were rated Adequate Assurance;
- 2 were rated Limited Assurance;
- 2 were not rated as they were advisory.

The overall conclusion of the Chief Internal Auditor was that there was substantial assurance.

Of the seven High Level Audit recommendations outstanding from 2021/22 there were four were in progress as at June 2023 and details of these have been reported to the Audit & Risk Committee on 11 July 2023.

In terms of the limited assurance reports, these are circulated to members of the Audit and Risk Committee, prior to presentation at the Committee. Immediate steps have been put in place to address the issues raised or are in progress. The officers responsible will be attending the Committee meetings to explain the response and will be reporting back to future Committee meetings on the steps

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taken. As stated above there is a robust process in place to ensure that high level recommendations are implemented and this will continue.

There is a need to finalise the revised version of the Anti-Fraud policy, and this will be undertaken in 2023/24.

- **Conduct - Standards** – The Standards and Resources Committee inputted into the consultation on the Model Code of Conduct and recommended the adoption of the new Code to Council.

The Monitoring Officer has no significant issues to raise.

5. Conclusion

The Review of Effectiveness has found the arrangements for the Governance Framework to be fit for purpose.

The following action points have been identified:

- Implementation of High-Level recommendations made in 2022/23
- Issue of revised Anti-Fraud Policy

These will be addressed in 2023/2024 and reports will be brought to the Audit & Risk Committee on progress during the year.