

**SOUTH STAFFORDSHIRE –DRAFT ANNUAL GOVERNANCE STATEMENT  
2023 – AUTHOR: L FOWKES – 27 JUNE 2024**

**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 27 June 2024.

**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.*

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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



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#### How do we know that our arrangements are working?

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

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#### Core Principles from the CIPFA Framework

- 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 to optimise the achievement of the intended outcomes -
- 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

#### Assurances required

- 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
- 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

#### Sources of assurance

- 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 Audit
- Corporate and Extended Leadership Team
- Council Plan
- Medium Term Financial Strategy
- Capital Strategy
- Codes of Conduct
- Integrated Performance Management Framework

#### Review of Effectiveness

- External Audit Report – opinion
- Annual Internal Audit Report – substantial assurance
- Annual Statement of Accounts
- Local Government Ombudsman Report – one upheld complaint against the council in 2023/24
- Scrutiny reports – including reports from the Asset Scrutiny Panel
- Residents' survey
- Annual Governance Statement
- Staff Surveys

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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.

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 for all members was provided post May 2023 elections. Further training will be held in Summer 2024.

A key part of the remit of this Committee is overseeing responsibility for the recently reviewed policy on Comments, Compliments and Complaints, and our Customer Promise, 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. Members have the opportunity to input into mitigation measures required following a complaint and to track compliance with any Ombudsman recommendations.

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 policies are due for review in 2024 and will be reported through to the committee. The Council revised its Counter Fraud and Corruption Policy in October 2023.

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). The Section 151 Officer is undertaking a review of financial management compliance with standards in 2024/25.

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#### **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. Community engagement features strongly in the new Council Plan and the well-established Locality+ operating model of the Council is integral to how the Council seeks to operate and deliver services. An operational partnership group now meets on a regular basis and a joint delivery plan is in place. A Community Safety Group also meets on a regular basis.

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 was refreshed in 2022 with greater accessibility tools and improved search function, ensuring improved access for residents. However, the website is subject to continuous review and refresh to ensure it provides the functionality required. The Council continues to use Social Media to get the message 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 digitally twice yearly and sent to residents via the Gov.Delivery platform.

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 set out the Council's vision, its approach and its priorities:

- Prosperous Communities
- Vibrant Communities

2023/24 was the final year of the Council Plan and a new plan was produced for the 2024-2028 period. The new plan was approved by Council in March 2024. The Council's vision is a place of vibrant communities, deliver by four over-arching priorities:

- financial stability
- economic growth
- sustainable environment
- empowering our communities.

The themes of strong finances, strong council and strong communities from the 2020-2024 Council Plan are continued in the new plan.

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Alongside the development of the new Council Plan, a comprehensive review of the performance framework was undertaken in early 2024. There is a move away from the old system of performance targets and to a more community focused approach, concentrating on the outcomes for our communities and performance indicators that have real meaning and impact. It is envisaged that these will develop and adjust over the Council Plan period. Engagement with our communities to develop and refine these indicators will be undertaken.

#### **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. The impact of the cost of living continues to be closely monitored by the Council and as with last year's AGS, the Council has seen an increased call on welfare and support services. The Council has accommodated this increased demand and adjusted service provision accordingly.

The Council reviewed and continues to do so, the support made available to our residents and businesses to ensure economic and other benefits. Building on the strong position developed as a result of Covid recovery and the ten point plan for recovery in the economic development area put in place, support for businesses and residents continues to be a strength of the Council. There is the South Staffordshire Business Partnership and Ambassador programme which hosts events across the district. Like all of the Council plans and policies, environmental impacts are integrated into the plan. Again, this has been recognised in the new Council Plan, with economic growth one of the four priorities.

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 that ensures this remains at the forefront. The adoption of the RPP process has fed into the formal budget and council tax setting process with members being involved throughout, from early engagement in July 2023 through to adoption of the budget in February 2024. This process, and engagement of members, will continue in 2024/25.

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. In 2023/24 the Council reviewed the IPM and sought to make it truly integrated. Work on this will continue into 2024/25, alongside the

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development and fine-tuning of the performance measures as mentioned above. In addition, new national performance measures have been introduced by the Government, with the introduction of the Office for Local Government (OFLOG) and a suite of performance indicators. These will be incorporated into the Council's performance reporting alongside the local measures. In 2024 the Council will also be required to produce a Productivity Plan and submit this to central government.

The senior leadership of the council holds Challenge Boards across key areas to ensure oversight and ownership; for example a Waste Challenge Board has been established to review the proposals to address the changes to new waste legislation and the new waste collection contract that is currently being worked through.

#### **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. Informal scrutiny and member engagement takes place via the Member Working Groups with a more flexible approach than the formal scrutiny committees – ensuring these important member groups have the opportunity to be involved in and shape key issues for the Council and residents.

Following the positive 2022 Corporate Peer Challenge undertaken by the Local Government Association (LGA), a progress review was undertaken in July 2023. The follow-up report commented positively on the progress made by the Council against the action plan arising from the original review. The full report can be seen [here](#).

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.

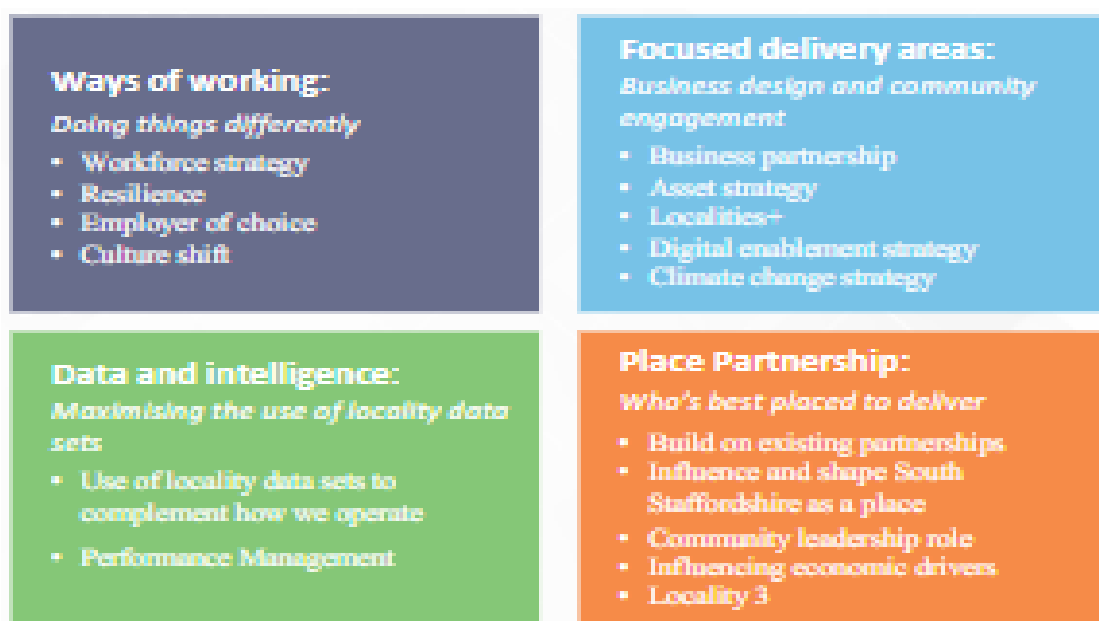
#### **Principle E) - Developing the entity's capacity, including the capability of its leadership and the individuals within it**

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; the approach is one of continuous challenge and change. A key element is the Council's Resource Planning and Prioritisation 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

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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. This is a continuous process with Assistant Directors meeting regularly to review and refresh. This approach has proven successful with service areas planning key events and resources accordingly, taking into account the impacts across other service areas.

The 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.



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. Following on from ELT, senior leadership coaching has been held with Team Managers and Assistant Team Managers, proving both popular and effective both in terms of skills development but also enhancing working relationships across teams. Alongside this, there is a Wellbeing Strategy addressing and expanding the support offered to staff. Hybrid working is in place and this is both attractive to potential employees and also popular with existing staff.

In a staff survey undertaken in 2023 96% of staff surveyed would recommend the council as a place to work. This was an increase from the 93% from the 2022 survey.

The Council remains committed to a One Team One Council approach to development, performance management and recruitment of staff and that the key

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five values of trust: transparency, positive relationships, listening to people and pride are embedded into the organisation.

In 2023/24 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

The Council seeks to be an Employer of Choice and has a number of offers in this area including, flexible working patterns, hybrid working, career development support, employee benefits scheme, generous leave entitlement and wellbeing resource hub.

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.

Ward walks, giving members the opportunity to raise local issues and strategic matters with members of CLT were undertaken in Summer 2023. Arising from the ward walks, the capacity to undertake public realm improvement works was increased with the introduction of a new grounds maintenance team specifically to tackle the local issues raised by ward members. In late Winter/ early Spring 2024, virtual ward walks were held, giving members the opportunity to continue those conversations. This pattern of in-person and virtual ward walks will continue in 2024/25 and beyond.

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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 regularly and reviews and challenges the training provided for members. Post the May 2023 election, a comprehensive member induction and training programme, with LGA support, was put in place; ensuring members were equipped to undertake their role and to ensure sound decision making. The programme was reviewed in late Autumn 2023, including undertaking a member survey, and feedback used to shape the planning programme for 2024.

#### **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. Although the monitoring and reporting of risks was well-established, it was recognised in 2023 that the risk management system needed review in order to be truly integrated and reflect the current risk appetite of the Council. This has been undertaken in early 2024 and will be embedded over the coming months. This revised approach will further enhance the Council's robust internal controls.

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 External Audit report.

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 attend 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. Audit and Risk

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Committee have requested further reporting back of issues where they have considered this necessary, evidencing the effectiveness of arrangements in this area.

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. This then feeds into the formal budget setting process which takes place in February.

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. This has proved successful with no issues around service delivery or assurance being raised.

In 2023, the Council appointed new External Auditors; changing from Grant Thornton to Azets. Having had the same external auditors for a number of years, the Council has embraced this change, seeing it as an opportunity for fresh challenge and engagement with a new team.

A full review of Risk Management is being undertaken in 2024/25 to strengthen the Council's position and give assurance on the effectiveness in this area.

#### **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

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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 7 May 2024. A number of changes were made at the annual review including the introduction of specific rules for budget motions.

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.

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 an unqualified opinion on the accounts was again provided last year. The Council has also received a positive report on its arrangements to secure value for money, with one improvement recommendation around performance information.

**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 2023/24 the internal audit service carried out 19 reviews and of these:

- 14 were rated Substantial Assurance;
- 3 were rated Adequate Assurance;
- 0 were rated Limited Assurance;
- 2 were not rated as they were advisory.

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

Of the nine High Level Audit recommendations outstanding from 2022/23 six remain in progress as at June 2024 and details of these have been reported to the Audit & Risk Committee on 27 June 2024.

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

The Counter Fraud and Corruption policy was reviewed in 2023 and was approved by Audit and Risk Committee on 3 October 2023.

- **Conduct - Standards** – The Standards and Resources Committee retains oversight of Code of Conduct issues.

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 2023/24
- Review of the Anti-Money Laundering and Whistleblowing policies in Autumn 2024
- Implementation of the External Audit recommendation on internal audit of performance information

These will be addressed in 2024/2025 and reports will be brought to the Audit & Risk Committee on progress during the year.