

STAFFORD BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT FOR 2024-25

1 Scope of Responsibility

- 1.1 Stafford Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which require all relevant authorities to prepare an annual governance statement.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the Annual Governance Statement.

3 The Governance Framework

3.1 The Council has adopted a local Code of Governance, which can be found on the Council's website. The Code is comprised of 6 key principles:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes.
4. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
5. Managing risks and performance through robust internal control and strong public financial management.
6. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

4 Review of effectiveness

4.1 The 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 led by the Head of Transformation and Assurance. The review is informed by the work of Members, the senior officers within the Council 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 effectiveness of the governance framework is set out below.

4.2 **The Authority** - the Deputy Chief Executive - Resources, the Head of Transformation and Assurance and the Head of Law & Governance, on behalf of the Council, undertake periodic reviews of the Council's governance arrangements on an ongoing basis. Work to support this includes a self-assessment review against the Code of Governance, reviews of the Constitution and key policies, processes and practices throughout the year.

Some progress has been made in updating key policies that form part of the Council's governance framework (risk management framework, procurement regulations and the digital strategy) but there are still a number awaiting review in 2025/26. There are ongoing concerns with regard to the effective operation of and compliance with key components of the Council's governance framework. A programme of training and monitoring is planned for 2025/26 to raise awareness and improve compliance.

- 4.3 **The Executive** - the Cabinet monitors the effectiveness of the governance framework through the consideration of regular performance, financial and strategic risk management reports. Individual Cabinet members receive regular feedback from senior officers on the delivery of services and the achievement of objectives and targets. Issues of strategic and corporate importance are referred to the Cabinet.
- 4.4 **Overview and Scrutiny Committees** - the Council has 3 Scrutiny Committees. The Scrutiny Committees review decisions made by Cabinet and areas of concern. They can “call-in” a decision that has been made by the Cabinet when they consider the decision is not in accordance with the Council’s Constitution. The Scrutiny Committees:
- (i) determine their own work programme at the beginning of each year and this includes the provision of updates, briefings and reviews of services/activities; and
 - (ii) consider regular performance management information from senior management.
- 4.5 **The Audit and Accounts Committee** - is responsible for overseeing the Council’s governance arrangements. The Committee monitors the effectiveness of risk management, reviews corporate governance issues, the work of Internal Audit and the anti-fraud and corruption arrangements throughout the year. The Audit and Accounts Committee receives periodic reports on:
- the work of internal audit in reviewing the systems and processes to ensure that they are adequate; and
 - updates on the management of the Council’s strategic risks. A strategic risk register is in place, which identifies and evaluates the risks faced by the Council in delivering its objectives. Work is ongoing to review and address these risks and update the risk register accordingly.
- 4.6 **The Standards Committee** - is responsible for the ethical framework of the Council. The Committee works closely with the Monitoring Officer in dealing with complaints about Members conduct and promoting high standards of conduct.
- 4.7 **Internal Audit** - is responsible for reviewing the effectiveness of the Council’s governance arrangements, including the system of internal control, and reporting on its adequacy. Internal Audit is a key source of assurance for the Annual Governance Statement and operates in accordance with the Public Sector Internal Audit Standards. Internal Audit reviews the internal control system following an audit plan based on an assessment of the potential risks for the various systems and procedures. The work on the Audit Plan for 2024-25 has been used to provide an independent view on the adequacy of the governance framework.

In the annual report to the Audit and Accounts Committee, the Chief Internal Auditor has independently assessed the Council's internal control environment and given a "**limited assurance**" opinion that the Council's governance arrangements were operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy.

Where deficiencies in internal control were identified during reviews, assurance was provided that these had been or would be resolved in an appropriate manner. Such cases will continue to be followed-up as part of the routine operation of the Internal Audit function.

The Chief Internal Auditor has highlighted a number of recurring issues in the Annual Audit Report, relating to non-compliance with and or awareness of key components of the Council's governance arrangements. These issues align with the findings of the self-assessment of the Governance Framework.

4.8 **Risk Management** - during 2024-25 the Audit and Accounts Committee received regular progress reports regarding the management of strategic risks. A revised approach to risk management is being adopted and as part of this a full review of the strategic risks facing the Council has been undertaken. As at 1 April 2025 and there are currently five red risks for inclusion as significant governance issues:

- Local Government reorganisation - the Council has to divert resources to the management of the Council's response plans for Local Government re-organisation which threatens the ability to maintain the quality of services at a time when capacity is already stretched.
- Safe management of trees - risk of a tree falling on individuals or property;
- Delivery of Town Centre Regeneration Project - risk that the scheme will not be delivered as anticipated, to time or to budget;
- Health & Safety arrangements for properties - operational property procedures are insufficient to adequately ensure the health and safety of employees, tenants, visitors etc;
- Corporate capacity is insufficient to maintain provision of core services and priorities.

4.9 **Assurance from the Statutory Officers** - assurances have been sought, through discussions with the Head of Paid Service (Chief Executive), the s151 Officer (Deputy Chief Executive - Resources) and the Monitoring Officer (Head of Law and Governance) with regard to their responsibilities for governance.

- The Head of Paid Service has overall responsibility for the organisation, appointment and management of staff.

- The Chief Financial Officer (s151 Officer) has overall responsibility for the financial management of the Council. Throughout the year the s151 Officer ensures that the financial position of the Council is monitored, that consideration is given to financial implications when taking decisions and with the support of internal audit that financial processes are complied with.
- The Monitoring Officer has overall responsibility for:
 1. reporting on matters they believe are, or are likely to be, illegal or amount to maladministration;
 2. matters relating to the conduct of Members and officers; and
 3. the operation of the Council's constitution.

The Statutory Officers have identified the following as significant governance issues:

- the ongoing capacity issues within the Finance, Legal and Corporate Assets Teams, combined with an increase in workload arising from the delivery of key projects, primarily the delivery of the town centre transformation work;
- ongoing concerns with regard to the project management arrangements for Town Centre transformation work;
- the need to re-instate regular budget monitoring;
- the lack of a structured and consistent approach to project management; and
- a lack of regard for and non-compliance with the Council's governance arrangements

4.10 **External Audit / Other Review Agencies** - the Council's new External Auditors have not yet concluded their review of the Council's value for money arrangements. However, the Council is continuing to address the issues identified in the previous VFM report for 2021/22 and 2022/23.

4.11 **Leadership Team** - in addition to the Statutory Officers assurances, the members of Leadership Team have been consulted on the draft annual governance statement and the significant governance issues that should be included within it. The Leadership Team has identified the following as significant governance issues:

- capacity to deliver operational and corporate priorities;
- compliance with Health & Safety requirements for the Council's properties / corporate assets; and
- the implications and delivery of Local Government Reorganisation.

5 Opinion on the Governance Framework

- 5.1 The review of the effectiveness of the governance framework shows that there are a number of significant concerns and as such only **limited assurance** can be given that the framework is operating adequately in practice.
- 5.2 The weaknesses in the governance framework are outlined in section 6.
- 5.3 The Audit and Accounts Committee will have responsibility for ensuring the delivery of the actions needed to improve the Council's governance framework.

6 Significant Governance Issues

- 6.1 The Council's key governance issues are outlined below. As the majority of these issues have already been identified and included in the Improvement Plan arising from the VFM review, a separate action plan has not been produced. Any additional issues identified below have been added to the existing improvement plan or are being monitored through the Strategic Risk Register. The updated Governance Improvement Plan is attached at Appendix 2.

Ref	Issue	Improvement Plan X-Ref
1.	<p>Governance Framework</p> <p>(a) Aspects of the Governance Framework are in need of review, these include:</p> <ul style="list-style-type: none"> • The Code of Governance. • Values and Operating Principles; • Scheme of Delegations; • Financial Regulations; • IT Security Policy & Cyber Security • Workforce Development Framework; • Project Management Toolkit; • Performance Reporting Framework; • Contracts Register; • Confidential Reporting Framework and Fraud Policy • Employees Code of Conduct <p>(b) Training, awareness raising and compliance with the Council's Governance Framework</p>	<p>VFM9 - 60</p> <p>VFM6 - 22</p> <p>VFM9 - 53</p> <p>VFM1 - 28</p> <p>VFM3 - 19</p> <p>VFM6 - 62</p> <p>VFM5 - 32</p> <p>VFM5 - 57</p> <p>VFM8 - 15</p> <p>VFM4 - 46</p> <p>VFM6 - 49</p> <p>GOV1 & GOV2</p>

Ref	Issue	Improvement Plan X-Ref
2.	<p>Strategic Risks</p> <p>As set out in 4.8, the following have been identified as red risks on the Council's Strategic Risk Register:</p> <ul style="list-style-type: none"> • Local Government Reorganisation; • Safe Management of Trees; • Delivery of Town Centre Regeneration Project; • Health & Safety Arrangements for Properties; and • Corporate capacity. 	Being actioned and monitored via the Strategic Risk Register

Signed:

Chair of the Audit and Accounts Committee

Date

M G Dodson
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25/06/2025
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Leader of the Council

[Signature]

Date *04/07/2025*

Tim Cleary
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30-06-25
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Chief Executive

Date

on behalf of Stafford Borough Council