Stafford Borough Council

Annual Governance Statement 2025-26

1. Introduction

1.1 General

Stafford Borough Council (the Council) is accountable to the residents of the Borough and other stakeholders for ensuring a sound system of governance is in place. Good governance underpins delivery of the Council's operational services and priorities, as set out in the Corporate Plan, and provides confidence that decisions are well made.

It supports ethical working and public accountability. This Annual Governance Statement (AGS) provides assurance on the effectiveness of the Council's governance arrangements and compliance with the principles set out in the Cipfa/Solace Delivering Good Governance in Local Government Framework.

The AGS, informed by the annual review, is structured to provide:

- An Executive Summary - providing the key messages of the AGS and an overall opinion as to whether governance arrangements at the Council are fit for purpose.
- An Assessment of Effectiveness - outlining how the review of effectiveness was conducted and the key findings.
- Improvements to Governance Arrangements - identifying those areas of governance requiring improvement and how these are being addressed, and how we have improved our governance arrangements based on issues identified in last year's AGS and other significant steps taken to improve governance during the year.
- A Forward Look on Governance - identifying where governance needs to change or develop to meet the future needs of the Council.

This AGS covers the period 1 April 2025 to 31 March 2026. But the review of the effectiveness of our governance arrangements remains an on-going process.

1.2 Responsibilities

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and for maintaining robust arrangements for risk management, control and governance, ensuring continuous improvement in service delivery.

Elected members have overall responsibility for the governance of the Council and for the fulfilment of accountabilities to residents of the Borough and other stakeholders. Approval of core governance arrangements such as the Council Constitution is made by full Council whereas other aspects of governance are approved through delegated authority. The Council has delegated authority for approval of the AGS to the Audit and Accounts Committee.

The Council has three key statutory officers with specific governance responsibilities, being the Chief Executive (Head of Paid Service), Deputy Chief Executive - Resources and s151 Officer (Chief Financial Officer), and the Head of Law and Governance (Monitoring Officer). The Head of Business Support and Assurance works with the statutory officers to put in place and maintain the appropriate arrangements for governance and provide assurance on its effectiveness.

All members of the Leadership Team share responsibility for the accuracy of the AGS. The Head of Business Support and Assurance is responsible for the preparation of the AGS and for its submission to the Audit and Accounts Committee for approval following agreement of the Leadership Team.

2. Executive summary

2.1 Achievements

The Council has made significant progress in developing and improving its overall governance framework during the year. Key achievements have included:

- Reviewing and updating the Code of Governance;
- Updating key documents which form part of the Council's governance framework eg Code of Conduct for Employees, IT security policy, the Anti-Fraudand Bribery and Speaking Up policies;
- Training for Leadership Team, service managers and principal officers in risk management and the development of the risk registers;
- Training on procurement and the new regulations.

2.2 Priorities for the Coming Year

Whilst the Council is making progress with its governance improvements, we recognise that more work still needs to be done. Our priorities for improvement in the coming year include:

- Embedding the new Code of Governance and raising its profile;
- Development of an assurance model;

- Rolling out the new Code of Conduct for Employees and Values across the Council;
- Development of work plans and a performance reporting framework for Leadership Team;
- Developing a culture of ownership and accountability, particularly in financial and performance management, across the Council;
- Project management training and improvements to project governance.

2.3 Opinion on the Council's Governance Arrangements

Based on the review of effectiveness and our understanding and experience of the governance arrangements in place during 2025-26 and to date, our overall opinion is that the Council's governance framework, including the system of internal control, is limited.

The framework itself is generally adequate. Whilst there are some gaps in the framework, the main concern is that it is not fully embedded or operating effectively across the Council.

Policies and guidance are not always followed. It is recognised that a number of key policies have been updated in the year and training has not yet been rolled out; these will take time to embed. Compliance with other policies is inconsistent and this is due in part to due to a lack of awareness and in part a lack of accountability. Limited resources is having an impact on the capacity to provide regular updates, reminders and training.

Areas for improvement have been identified and an action plan is in place to address these issues. The Council continues to make progress on the improvement journey and has recently updated the Code of Governance. But it is recognised that further work is needed to ensure that effective systems of internal control, governance and risk management are fully developed, embedded and consistently applied across the organisation. We remain committed to delivering these improvements and will monitor their implementation and effectiveness through our ongoing governance review processes.

Signed on behalf of Stafford Borough Council:

Chair of the Audit and Accounts Committee:

Leader of the Council:

Chief Executive:

Date of approval

3. Assessment of Effectiveness

3.1 Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.

Key components of the framework include:

- Strategic vision and priorities articulated through the Corporate Plan;
- The Constitution of the Council that sets out how the Council operates, makes decisions, and ensures accountability through its governance, rules and procedures. It is the primary governance document of the Council and includes codes of conduct and core financial rules that must be followed;
- Scrutiny arrangements, and openness such as through public access to meetings and published agendas, consultation and community engagement and publication of Council information, that support challenge, transparency and accountability;
- Corporate policies covering expected behaviours including for anti-fraud and whistleblowing (speaking up) and information governance;
- Arrangements in place for the discharge of statutory officer functions;
- Robust financial management including the Medium-Term Financial Strategy (MTFS). Financial planning is aligned with strategic objectives to provide long-term sustainability;
- Business planning and performance management arrangements which translate the corporate priorities into priority delivery plans (PDPs) and key performance indicators to measure our delivery of key operational services;
- Risk management arrangements overseen by the Leadership Team and the Audit and Accounts Committee. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

3.2 Local Code of Governance

The Council's Local Code of Governance has adopted the seven Good Governance framework principles of:

- 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;
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Code has been updated recently to meet the requirements of the addendum issued by Cipfa/Solace.

3.3 Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. This provides an open and honest assessment of the Council's governance arrangements. The review draws on a broad range of assurances to evaluate whether governance arrangements are fit for purpose, operating effectively, and to identify areas for improvement including developments to best meet future demands and anticipated change.

This year a key element of the review of effectiveness has been a self-assessment against the Cipfa/Solace Guidance and the local Code of Corporate Governance, undertaken by the Head of Business Support and Assurance. This review has in turn has been informed by:

- Member scrutiny and challenge processes - an annual report on scrutiny activity has been completed and will be presented to Council on 21 July 2026.
- The Standards Committee provides oversight of the complaints procedure for responding to alleged failures to comply with the Members' Code of Conduct. The Council Monitoring Officer provides support, advice, and maintains the effectiveness of the Standards Committee and the standards regime.

- The Audit and Accounts Committee operates independently of the Executive and plays a key role in oversight of the operation of the Council's governance framework.

- Leadership Team - met regularly throughout 2025/26 and provided on-going management and oversight of the activities of the Council. Leadership Team is chaired by the Chief Executive and consists of the most senior Council Officers. Leadership Team input to and provide scrutiny of the AGS prior to its submission to Audit and Accounts Committee;

- Assurances from the Statutory Officers - the Head of Paid Service, the Chief Financial Officer and the Monitoring Officer have met and considered the arrangements in place to support the seven principles in the Council's Local Code of Governance.

- The work of Internal Audit and the Chief Internal Auditor and Risk Manager's Annual Conclusion - Internal Audit examine the effectiveness of the Council's internal controls, risk management and corporate governance arrangements. Assurance is provided through periodic monitoring reports to the Audit and Accounts Committee, together with the annual Internal Audit opinion on internal control, risk management and governance, informed through delivery of a risk based Annual Audit Plan. For 2025/26, "Internal Audit can provide **Limited assurance** that the Council's governance arrangements including risk management and systems of internal control were operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy."

- The work of External Audit and the annual report and opinion - The Council's external auditors, Azets, provide assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. The value for money statement for 2024/25 was issued in June 2026 and this showed an improvement in the Council's governance arrangements compared to previous years.

➢ A review of disciplinary investigations undertaken during the year indicates a lack of awareness and compliance with the Council's policies and procedures, and a lack of understanding of standards of conduct and behaviour.

Based on the review of effectiveness and our experience of the governance arrangements in place during 2025-26 and to date, our overall opinion is that the Council's governance framework, including the system of internal control, is limited. The framework itself is generally adequate and is designed to support the seven key principles of good governance, but there are some gaps in it. The main concern is that key elements of the framework are not fully embedded or operating effectively across the Council.

In particular, policies and guidance are not always followed. It is recognised that a number of key policies have been updated in the year and training has not yet been rolled out; these will take time to embed. Compliance with other policies is inconsistent and this is due in part to due to a lack of awareness and in part a lack of accountability. Limited resources is having an impact on the capacity to provide regular updates, reminders and training.

The overall opinion is based on the evidence outlined in this review, together with the combined understandings of Leadership Team resulting in their recommendation to, and the agreement of, the Audit and Accounts Committee.

4. Improvements to Governance Arrangements

4.1 Identification of Governance Issues

Our review is required to identify any areas of governance requiring improvement where:

- there are significant gaps in governance arrangements such as where core arrangements are not operating effectively;
- significant governance issues (failures) occurred during the year;
- governance arrangements could be easier to understand, comply with or made more efficient, and where there are barriers to achieving the principles of good governance.

Where our governance needs to improve

Our review of the Council's governance arrangements has identified the following key issues as needing to be addressed in 2026/27.

- Embedding the new Code of Governance and raising its profile;
- Development of an assurance model;
- Rolling out the new Code of Conduct for Employees and Values across the Council;
- Development of work plans and a performance reporting framework for Leadership Team;
- Developing a culture of ownership and accountability, particularly in relation to financial and performance management;
- Project management training and improvements to project governance.

A comprehensive action plan outlining the improvements to be made for each of the core principles of the Code of Governance is set out in Annex 2.

4.2 How we have improved our governance arrangements in 2025-26

A summary of the key areas where improvements have been made in addressing the governance issues identified in last year's AGS are outlined below.

- Reviewing and updating the Code of Governance;
- Updating key documents which form part of the Council's governance framework eg Code of Conduct for Employees, IT security policy, the Anti-Fraudand Bribery and Speaking Up policies;
- Training for Leadership Team, service managers and principal officers in risk management and the development of the risk registers;
- Training on procurement and the new regulations.

The significant nature of some of the improvement activities identified in last year's AGS necessitates a timeframe spanning more than a year to implement and achieve their objectives. Where appropriate ongoing and outstanding actions have been carried forward into the improvement plan for 2026/27.

5. Forward Look on Governance

The review has included a forward look on governance to identify where governance may need to change or develop to meet the future needs of the Council.

5.1 Significant risks or uncertainties that may change or challenge governance in future years

The Council recognises and monitors its key risks through risk management processes in place. Key risks linked to governance include:

- Financial Stability
- Local Government Re-organisation
- IT Resilience
- Failure to deliver good governance
- Corporate Capacity is insufficient to maintain provision of core services and deliver major projects
- Health and Safety arrangements for people
- Safety and compliance arrangements for corporate properties.

The actions to address these risks are set out in the Strategic Risk Register and will be monitored by Cabinet and the Audit and Accounts Committee. Some of the actions are also included in the Governance Improvement Plan.

5.2 Other issues

Other issues identified during the review include:

- Local Government Reorganisation (LGR) will see the abolition of the existing 2 tier system of local government in Staffordshire and its replacement with unitary Councils. This will generate significant work, change and uncertainty for the coming years. Whilst this is referred to in the section above, the risk focusses on the impact on service delivery during the transition period. There is however also the risk that the Council's governance arrangements during this time could fragment or deteriorate as resources are stretched and attention is focussed elsewhere. This will be monitored and managed through the delivery of the governance improvement plan, the introduction of assurance statements and the annual review of effectiveness. Whilst our resources are stretched it is important that we prepare for the transition to the new Council and a plan of preparatory activities is being developed. As our workforce is at the heart of everything the Council does, it is essential that we prepare them too and our Employee Review process is to be refreshed and relaunched to assist with this.

- Artificial Intelligence (AI) –the capability and application of AI continues to develop. and the Council needs to adapt to the rapidly evolving technology that brings both opportunities and threats to efficient service delivery. A policy is to be developed to provide a framework for the Council's use of AI across its functions and to provide guidance to employees;

6. AGS Action Plan / Governance Improvement Plan

We have identified areas of our governance arrangements which require improvement and these are set out in an improvement plan in Annex 2. The plan is structured to identify the actions needed to improve each of the core principles of the Code of Governance.

The plan provides a summary of the work required to address the significant governance issues in the coming year and beyond where necessary. The improvement plan includes:

- Outstanding issues reported in the previous 2024/25 AGS;

- Issues identified during the 2025/26 review; and

- Actions to respond to the External Auditors recommendations from the 2024/25 Value for Money review

These ongoing significant governance issues will be monitored and reported on quarterly to the Audit and Accounts Committee as part of the annual governance review process.