STAFFORD BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT FOR 2018-19

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 2019 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.

3.2 The key components of the Governance Framework are summarised in the diagram at Annex 1.

3.3 A key element of the Council's governance arrangements concerns safeguarding. Stafford Borough Council has both a moral and legal obligation to ensure a duty of care for children and vulnerable adults across its services. We are committed to ensuring that all children and vulnerable adults are protected and kept safe from harm whilst engaged in services organised and provided by the Council. We do this by:

- Completion of the statutory annual Section II Audit
- Having a Child & Adult Protection Policy and procedure in place endorsed by the Staffordshire Safeguarding Children Board and Staffordshire and Stoke Adult Safeguarding Partnership
- Having child & adult protection processes which give clear, step-by-step guidance if abuse is identified
- Safeguarding training programme in place for staff and members
- Carrying out the appropriate level of DBS checks on staff and volunteers
- Working closely with Staffordshire Safeguarding Children Board & Staffordshire & Stoke-on-Trent Adult Safeguarding Partnership

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 Governance who has responsibility for the development and maintenance of the Code of Governance. 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 Head of Governance and the Monitoring Officer, on behalf of the Council, undertake 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, Financial Regulations, the Scheme of Delegation and policies, processes and practices throughout the year. No new issues have been identified in 2018/19 but there are still 2 outstanding issues from the previous review which have yet to be completed:

- The need to review the Code of Conduct for Employees;
- Development of the Information Governance framework.

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 & 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 & corruption arrangements throughout the year. The Audit & Accounts Committee receives quarterly 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 undertaken on the annual audit plan for 2018-19 has been used to provide an independent view on the adequacy of the governance framework.

In the annual report to the Audit & Governance Committee, the Chief Internal Auditor has independently assessed the Council's internal control environment and given a "**partial 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. The Chief Internal Auditor has not identified any issues for inclusion in the Annual Governance Statement. 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.

4.8　**Risk Management -** during 2018-19 the Audit & Accounts Committee received regular progress reports regarding the management of strategic risks.   There is currently 1 red risk for inclusion as a significant governance issue:

- Viability/Funding of Stafford Borough Council as a result of public expenditure reductions and changes to Government's funding regime; and

4.9　**Statements of Assurance from Heads of Service** - assurances were sought from the Heads of Service as to the effectiveness of a number of aspects of the Governance Framework as it operates in their service areas. No significant governance issues have been identified.

4.10 **Statements of Assurance from the Statutory Officers** - assurances have been sought from the Head of Paid Service (ie Chief Executive), the Monitoring Officer (Head of Law & Administration) and the s151 Officer (Head of Finance) 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:

  ➢ reporting on matters he/she believes are, or are likely to be, illegal or amount to maladministration;
  ➢ matters relating to the conduct of Members and officers; and
  ➢ the operation of the Council's constitution.

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

- Budgetary issues relating to reductions in public expenditure and changes to the Government's funding regime;
- Development of an ambitious Change Management Programme to support the delivery of the Corporate Delivery Plan and in response to the Medium Term Financial Strategy;
- Members Induction - following the all-out elections in May 2019 there will be an influx of new members some of whom will be inexperienced and will need training; and
- Implications arising from EU Exit - there is considerable uncertainty about the effects on legislation as it affects the Council.

4.11 **External Audit / Other Review Agencies -** during the year the Council received the following key reports:

(i) Audit Findings (dated 30 July 2018 and reported to Audit & Accounts Committee 30 July 2018); and
(ii) Annual Audit Letter (dated August 2018 and reported to Audit & Accounts Committee 11December 2018).

The reports offered an unqualified opinion on the Council's financial statements and its arrangements for value for money and effective use of resources. No significant concerns were identified.

The Council underwent a Corporate Peer Challenge during 2018 that was conducted by the Local Government Association and they found:

- The Council is "a well-run authority";

- That "the organisation has strong processes in place to control its finances";
- The "Corporate Business Plan for 2018-21 sets out an ambitious vision for Stafford and that the conditions are present for the Council to grasp the opportunity for it to accelerate its pace to deliver the necessary changes to support those ambitions".

  In addition to this it identified 2 key recommendations to enhance the Council's governance arrangements:

- Finalise and publish the long term forward plan setting out the Cabinet's priorities, timescales and milestones;
- Continue to implement new scrutiny structure and ensure appropriate training to enable effective scrutiny and policy development.

4.12 **Leadership Team** – in addition to the individual Heads of Service and 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.

5. Opinion on the Governance Framework

5.1 The review of the effectiveness of the governance framework show that the arrangements continue to be fit for purpose and **reasonable assurance** can be given that the framework is operating adequately in practice.

5.2 No review can provide absolute assurance; this statement is intended to provide reasonable assurance that there is an ongoing process for reviewing the governance framework and it's operation in practice.

5.3 Whilst the governance framework is considered to be adequate a number of issues have been identified that need to be addressed to further enhance the Council's governance arrangements. These are outlined in section 6 together with the actions to be taken.

5.4 The Audit & 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 in the action plan below. This includes a number of items that are ongoing from the previous AGS.

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
Financial Regulations The revised Financial Regulations have been agreed by Leadership Team and now need to be approved by Cabinet and Council. Staff will then need to be made aware of the key changes.	Head of Finance	September 2019 for the approval of the Regulations December 2019 for briefing staff.
Employees' Code of Conduct The review of the Employees' Code of Conduct has been completed. The revised Code needs to be approved by Leadership Team and Council. Once approved, all employees will need to be made aware of the new Code of Conduct.	Head of Human Resources, Head of Law & Administration and Head of Governance	September 2019
Information Governance An Information Governance Framework needs to be developed to complement the existing policy documents. The revision of the Retention of Documents Schedule needs to be completed and all employees made aware of it.	Head of Law and Administration	January 2020 October 2019
Budgetary Issues Financial uncertainty regarding New Homes Bonus and NNDR, rises in inflation, increased costs resulting from other public service partners implementing savings in services, the impact of service the delivery of savings identified in the MTFP. This will be addressed by: • Continuing to reduce the cost of our office accommodation by reducing the amount of office space we occupy and sharing the Civic Centre with other organisations • Reviewing the use of the Depot; and • Identifying opportunities to increase income from delivering services to third parties.	Chief Executive / Head of Finance Corporate Business and Partnerships Manager Head of Operations Leadership Team	Ongoing March 2021 June 2020 Ongoing

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
Change Management Programme The Council is developing an ambitious change management programme to enable us to deliver the Corporate Business Plan and in response to the Medium Term Financial Plan and other drivers. We need to assure ourselves that we have the capacity to deliver this programme. This will be achieved by: • Developing a clear programme to manage delivery and use project management methodology for each work area. • Identifying additional resources and adjusting the programme as necessary.	Corporate Business and Partnerships Manager	July 2019
Member Induction and Scrutiny The Council has all-out elections in May 2019. There will be an influx of new members some of whom will be inexperienced and will need training both in the Council's systems and their role as Councillors. • An induction programme has been devised for implementation after the election. • A Member Working Group has been set up to consider ongoing training for members – work programme to be prepared for delivery from May 2020. • Continue to develop appropriate training to enable effective scrutiny and policy development.	Head of Law & Admin and the Head of Human Resources	July 2019 April 2020 Ongoing

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
Implications arising from EU Exit There is considerable uncertainty about the effects of Brexit on legislation as it affects the Council. The effects of Brexit on legislation and how it affects the Council will be monitored and appropriate action taken to ensure continuing compliance.	Leadership Team	Ongoing
Corporate Business Plan Finalise and publish the long term forward plan setting out the Cabinet's priorities, timescales and milestones;	Corporate Business and Partnerships Manager	Completed

Signed:

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Chair of the Audit & Accounts Committee   Date

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Leader of the Council   Date

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Chief Executive   Date

on behalf of Stafford Borough Council