

## **SOUTH STAFFORDSHIRE COUNCIL**

### **Annual Governance Statement**

#### **1. Scope of Responsibility**

South Staffordshire 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.

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 include arrangements for the management of risk.

The Council approved and adopted on 16<sup>th</sup> September 2003 a Code of Corporate Governance in accordance with CIPFA/SOLACE guidance. A copy of the code can be found on the Council Website [www.sstaffs.gov.uk](http://www.sstaffs.gov.uk) or by writing to:

South Staffordshire Council  
Council Offices  
Codsall  
Wolverhampton  
WV8 1PX

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011, Regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

#### **2. The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

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 of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

### **3. The Governance Framework**

South Staffordshire Council's governance framework derives from six core principles identified in a 2004 publication entitled The Good Governance Standard for Public Services. This was produced by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007. The six core principles are:

- a) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- b) Members and officers working together to achieve a common purpose with clearly defined functions and roles;

- c) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- e) Developing the capacity and capability of members and officers to be effective; and
- f) Engaging with local people and other stakeholders to ensure robust public accountability.

This situation was updated following the publication by CIPFA, in 2010, of the "Application Note to Delivering Good Governance in Local Government: Framework. This has been further updated, in December 2012, by "Delivering Good Governance in Local Government: Framework Addendum.

#### The Governance Framework at South Staffordshire

The Council has developed an Improvement Process which comprises three key aspects; strategic, organisational and portfolio/committee action plans.

#### *Strategic – The Council Plan*

A clear statement of the Council's purpose and vision is set out in the Council Plan. This plan, agreed by Council in May 2012 and designed to be in place for four years, outlines the Council's overarching vision and sets out the Council's priorities under three headings; Your Place, Your Community and Your Council. Against each of these areas is set out a series of measures, targets and actions. Performance against the Council Plan is monitored on a quarterly basis by the Strategic Management Team and Cabinet. Performance is also measured on a half-yearly basis by the Overview and Scrutiny Committee.

The work on producing the new Council Plan for the period 2016 – 2020 is now underway.

#### *Organisational – Platform for Efficiencies 2014/15/ E & I plan*

The Platform for Efficiencies and Improvement has previously been the approach taken to ensure that the Council Plan priorities were delivered. That focused around three key elements; the Customer, the Finances and the Workforce. Each section contained a number of priorities for 2014/15 and action plans have been developed for each of the three areas.

As stated above during 2015/16 the Council will develop the new Council Plan for 2016-2020. The plan will set out the Council's priorities, together with meaningful targets (SMART targets) in order that residents and businesses can assess the success or otherwise of the Council.

Work was undertaken in 2014/15 to produce a clear plan on how the Council would be able to meet its priorities in the existing and the new Council Plan. This culminated in the unanimous adoption by members of the Council's Efficiency and Income Plan ("E&I") at Council in April 2015.

The Efficiency and Income Plan (E & I) sets out how the organisation will prepare itself to meet the challenge of delivering the new Council Plan.

The proposals contained in the E & I are not without risks and that is why that report contained further options that could be considered if necessary. The Council has proved it can change through the implementation of the Transformation Delivery Plan (TDP); however, that is not the end of the change process.

If an organisation is to improve, which is the desire of South Staffordshire Council, it must work even harder, but it also needs to be more agile. Agile working is very much in vogue but it is more than simply facilitating home working or 'hot desking'. It's about a change in approach which is entirely different than the fast disappearing traditional view of Local Government.

We need to value individuals and interactions underpinned by good processes and tools, partnership collaboration over contract negotiations, responding to change over following a plan and a preference for action rather than procrastination.

The approach taken by the University of Birmingham in its report the 'The 21st Century Public Servant' epitomises this approach and that is why we will be working with them in taking this forward.

Modern ways of working are essential in a fast changing world but we must not lose sight of the enduring virtues of British Local Government, of public service, fairness, and accountability.

### *Portfolio/Committee Plans*

The portfolio plans are structured around the Council Plan themes and contain priorities for 2015/16. These are refreshed on an annual basis and reported to SMT, Cabinet and the Overview and Scrutiny Committee twice a year.

The committee action plans are developed with each individual committee chair. These include action plans and registers of associated risks and are presented to the Overview and Scrutiny Committee for review and approval before the beginning of each year. Performance indicators are monitored on an internal software package called PERFORM that maintains a strong audit trail.

The Council's vision and intended outcomes for residents and service users are communicated via the Council's quarterly newspaper, the South Staffordshire Review and through other methods such as Social Media.

The South Staffordshire Partnership was restructured in 2012, and now comprises:

- The Leadership Board (this group meets bi-annually, and includes partners from the public and voluntary sectors)
- The Locality Commissioning Partnership (this group meets quarterly, and includes all key commissioners, with a specific remit around performance management, and funding arrangements)
- 5 task and finish groups (which meet around the five key partner areas; dementia, mental health, obesity, rural isolation, and alcohol)
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The partnership is currently delivering on its second commissioning cycle. There are 29 projects being delivered this year against the partnerships priorities.

A number of measures are taken to ensure that the users of the Council's services receive a high quality service. Public attitude towards the Council's achievement of its aims and objectives is measured by the regular satisfactions surveys that are carried out using the Council's Residents Panel.

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

A formal complaints procedure is in place for which the Council's Monitoring Officer has overall responsibility. This allows anyone to make a complaint regarding the standard of service received from the Council. Complaints can be made electronically or in writing and the Council has set targets for responding to all complaints received, ensuring accountability. Responsibility for investigating complaints rests with the relevant service manager, the initial stages are overseen by the Customer Services Team.

The Council's position of fourth lowest band D council tax of any district in England has been maintained into 2015/16.

South Staffordshire Council has adopted a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable to local people. The Constitution was fundamentally revised and re-written in 2014/15 with the new version adopted at the Council's meeting on 24<sup>th</sup> March 2015.

Policy and decision making are facilitated by a clear framework of delegation set out in the Council's Constitution, with clear details of delegated authorities to officers.

The Council prioritises member engagement and communication focusing on four key areas:

- Sharing information with members in a timely and effective way
- Members have a clear focus of local priorities through the ongoing development of locality working
- Members agree that Directors and other managers within the Council are accessible and visible through various communication mechanisms
- Members are kept up to date on key topical areas through regular training opportunities

The Strategic Management Team of the Council meets on a weekly basis and considers the strategic direction of the Council in delivering the requirements of the members. It also considers other internal control issues, including risk management, performance management, compliances, efficiency, value for money and financial management.

The statutory roles of Head of Paid Service, Section 151 Officer and Monitoring Officer have been vested in i) the Chief Executive, ii) Director of Finance up until December 2014 when he retired and then the Chief Financial Officer and iii) the Director of Legal and Public Health Protection.

With respect to the Chief Financial Officer 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).

There is also a robust budget and policy framework and detailed financial procedure rules, which are monitored by the Director of Finance and the Monitoring Officer.

A Councillor/Employee Relations protocol is an integral part of the Council's Constitution.

In addition to the fundamental review this year the Constitution is reviewed generally on an annual basis to reflect any changes in structure and procedures but is subject to continual review during the year as changes to its constituent parts arise.

The behaviour of Officers and Members is regulated through separate Codes of Conduct which have been formally approved and adopted. These Codes are supported by the Councillor/Employee Relations protocol and all are an integral part of the Constitution as are the Financial Procedure Rules, Contract Procedure Rules. The Council has in 2014 adopted revised policies on Fraud and Corruption and Whistleblowing. The Council also has clear policies on Money Laundering, and Internet/email Usage.

Registers for the recording of financial and other interests and the receipt of gifts and hospitality are maintained for both officers and members.

In addition the Council has, following the implementation of the revised standards regime introduced by the Localism Act 2011, retained a Standards Committee. This committee comprises 14 members of the Council, together with 6 Parish Councillors co-opted to the Committee in a non-voting capacity. The Council has also adopted arrangements for dealing with allegations that a Councillor (or Parish Councillor) has breached the relevant Code of Conduct.

An Independent Person has also been appointed, in accordance with the requirements of the Localism Act, to be consulted on Code of Conduct allegations. Two Associate Independent Persons have also been appointed by the Council, one of whom will act in a case if the Independent Person is unable to do so.

An Overview and Scrutiny Committee and Wellbeing Select Committee have been established and their roles are set down in the Constitution, as are the details of the three challenge panels (Your Council, Your Place and Your Community) which superseded the four Scrutiny Panels in May 2013.

An Audit Committee has been established that is independent of the Cabinet.

All reports to Members and all decisions follow a regularly reviewed standard format to ensure that the evidence for decisions is documented and that due consideration is given to all material factors.

All reports are reviewed for legal, equalities, crime and disorder, sustainability, health and wellbeing, financial and risk considerations prior to being presented to Members for formal decision-making.

The behaviour of Officers and Members is regulated through separate Codes of Conduct which have been formally approved and adopted. The Councillors Code of Conduct has been revised to comply with the requirements of the Localism Act 2011.

A Risk Management Policy, Strategy and Plan are in place and are regularly reviewed. Quarterly reports on strategic risk are presented to the Audit Committee following meetings of the Risk Management Board. Operational risks are included in service plans and the high level risks are reported to the Audit Committee.

Policies on Whistleblowing and Anti-Fraud and Corruption are included within the Constitution and are promoted to staff and members.



The Council has a formal complaints procedure which allows the public or other stakeholders to make a complaint regarding the service received from the Council. Complaints can be made on-line or in writing and the Council has set targets for responding to all complaints received.

An induction programme is in place both for members and officers. For the new members who joined the Council in May 2015 a new induction and training programme has been introduced. This programme was devised in partnership with existing members to ensure that it met the needs of the members.

To supplement this more tailored training is provided to members and officers as appropriate. For instance, the members of what was the Regulatory Committee (which deals with planning matters amongst others), Overview and Scrutiny Committee, Audit Committee and Standards Committee are given relevant training to ensure that these committees operate effectively. Indeed mandatory training for all members of Regulatory Committee (now Planning Committee) and Licensing Committee (now Licensing and Regulatory Committee) was introduced in May 2014. All members have had individual 1-2-1 training on Disclosable Pecuniary Interests.

All officers employed by the Council receive an annual Performance Development Review at which performance can be measured against set objectives. Training needs are also identified as part of this process and addressed via the Human Resources service and/or individual service as appropriate.

South Staffordshire Council is committed to a corporate policy of in-house Training and Development. Each year a programme is formulated from the following sources: training and development needs identified through employee development and appraisal as mentioned above; the requirements of service managers and heads of service; new legislation or initiatives and personal development needs.

The objectives are to: encourage employees and elected members to come forward for training and development events in order to develop individual skills; provide professional and cost-effective training; improve service delivery and provide competent levels of management skills.

Significant budget provision is set aside annually to ensure that these training needs are met.

A significant commitment has also been made towards retaining good staff, by offering benefits such as career grades for professional officers and flexible working arrangements. This helps to ensure that valuable skills and experience are retained and passed on, rather than being lost.

South Staffordshire Council recognises that communication with all stakeholders plays a fundamental role in the successful delivery of high quality, cost effective services.

The Council has a robust mechanism for consulting and communicating with members, residents, businesses and the voluntary and community sector called MyPlaceMySay. The cycle is reviewed annually. The Council has both internal and external communications strategies. Internally staff are consulted regularly through surveys, briefings and team meetings. The new external communications strategy articulates the Council's vision to develop its approach to social media.

An anonymous staff survey is conducted each year in order to gain information on officers' opinions across a wide range of issues that affect their work for the Council. The feedback is used to inform improvements in areas such as communications.

All Council meetings are open to the public except where personal or confidential matters are discussed. All public agendas and minutes are placed on the Council's website, along with the Council's policies and strategies. These items are also available for inspection by directly contacting the Council, should anyone be unable to access them electronically.

#### **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 Strategic Management Team and service managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit Manager'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:-

The Council's Monitoring Officer is responsible for reviewing the Constitution on a regular basis in order to ensure that it continues to operate effectively. All amendments are subject to approval by the Council.

In addition to the Council itself, which comprises 49 members, policy and decision-making is facilitated by the establishment of a Cabinet comprising the Leader of the Council, the Deputy Leader of the Council and four Cabinet Members, each of whom have a specific area of responsibility (a 'portfolio'). The Council's Monitoring Officer is also responsible for ensuring that Cabinet decisions are taken in accordance with the Council's policy framework.

Those matters which by law may not be the responsibility of the Cabinet either individually or collectively, and are not reserved for a decision by the Council as a whole, are dealt with by the Regulatory Committee, the Licensing Committee or the Standards Committee.

There is one Overview and Scrutiny committee to review the work of the Cabinet and the Council as a whole. Up until May 2013 the Overview and Scrutiny Committee would appoint four Scrutiny Panels annually of which three panels each "shadow" two Portfolios, with the fourth panel dealing exclusively with the Health Scrutiny Agenda. The Council also had, as required by statute, appointed a Crime and Disorder Committee which also performs a scrutiny function. Since May 2013 there are now a statutory Wellbeing Select Committee, which deals with crime and disorder issues, and three challenge panels.

The Overview and Scrutiny Committee and its panels have the powers to review/scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions and can exercise the right to call in for scrutiny decisions proposed or made but not yet implemented by the Cabinet individually or collectively. The Overview and Scrutiny Committee met eight times during the year to consider a wide range of items from the budget proposals, quarterly performance indicators and service plans.

The Audit Committee has particular responsibilities for; reviewing the adequacy of policies and practices to comply with statutory requirements and guidance; reviewing and recommending appropriate development of the Council's fraud and corruption policy; to review the adequacy of internal controls; to monitor the performance of internal audit; to receive reports including the Audit Letter from the external auditors and to act as the group of members responsible for governance. Its constitution and terms of reference were revised in May 2006 to bring them into line with CIPFA guidance on best practice in this area and are reviewed annually.

The Audit Committee met five times during the year to consider regular reports from internal audit on systems reviews, quarterly risk management reports from the Director of Finance (prior to his retirement in December 2014)/the Chief Financial Officer and the Annual Audit and Inspection Letter.

The Standards Committee held two public meetings during 2014/2015. The composition, role and focus of the Committee has been revised following the implementation of the revised standards regime introduced by the Localism Act 2011. South Staffordshire Council has determined to continue to appoint a Standards Committee notwithstanding that this is no longer mandatory.

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 on risk assessment methodologies and is approved by the Audit Committee each year. Audit reports, including assessments of the adequacy of controls and recommendations for improvements, are sent to the responsible heads of service and the Audit 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 Internal Audit Service is carrying out a self-assessment on its effectiveness, in Autumn 2015 which will be reported to the Audit Committee later in 2015. The Internal Audit Section reviews compliance with the Code of Practice for Internal Audit in Local Government. All of the standards are complied with in full or partially. The work of internal audit is also considered by the External Auditors who place reliance on their work. Internal Audit Service has four performance targets which have been achieved during the year.

In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included the collation of assurances from all service managers and Directors on the effectiveness of the internal control environment. A review of the returns concluded that, based on this self-assessment, effective controls were in place.

Self-regulation is key to the updated performance management framework - ultimately the Council is responsible for its own performance. As part of the framework triennial peer reviews have been introduced. The latest LGA peer review took place at the end of April 2014.

We have been advised on the implications of the review of effectiveness of the governance framework by the Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

## **5. Significant Governance Issues**

The following governance issue was identified in the Annual Governance Statement 2014 as a result of the review of arrangements and by the work of internal and external audit:

*The Council will review the constitution to ensure that it meets the changing needs of the Council and its residents and businesses and the on-going efficiency agenda in order to meet the commitment in the Council Plan to provide value for money and quality services.*

As detailed above the Constitution was fundamentally reviewed by the Monitoring Officer and his team.

The proposed revisions to the constitution were taken by the Monitoring officer and his team to the Council's Overview and Scrutiny Committee to seek their views on proposed changes. The agreed changes were approved by Council on 24<sup>th</sup> March 2015, coming into effect on 8<sup>th</sup> May 2015 (the day after the election of all councillors).

The aim of the revisions was to make the constitution more user friendly and understandable for members, the public and officers.

The primary changes introduced included:

- Reorganisation of Committee responsibilities – including renaming of Regulatory Committee as Planning Committee with its non planning responsibilities moving to other committees including to the renamed Licensing and Regulatory Committee and to the renamed Standards and Resources Committee.

- A completely revised scheme of delegations both for Committees and Officers
- Changes to the “call-in” arrangements for Overview and Scrutiny – increasing the numbers needed to call in a report to 2 but broadening the scope of the “call-in” beyond the reason for “call-in”.

During 2015-2016 one of the areas for improvement in terms of Governance will be improving accessibility to the Council’s website particularly in terms of access to Committee papers and Governance issues. The Council has committed to introduce a new democratic management system which will improve the availability and accessibility of this information.

**Signed**

Chief Executive

Leader of the Council

Date: September 2015

Date: September 2015