

SOUTH STAFFORDSHIRE COUNCIL

Annual Governance Statement

1. Scope of Responsibility

South Staffordshire Council is responsible for ensuring 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 the 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 and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Council approved and adopted on 16th 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 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 Regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and its activities through which it accounts and engages with the community. 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 2011 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.

The key elements of each of these core principles at South Staffordshire Council are as follows:

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

A clear statement of the Council's purpose and vision is set out in its Corporate Strategy. This strategy outlines the Council's overarching vision and sets out the five principal aims and objectives for the Council.

It represents the key planning document for the Council from which a number of additional supporting plans are developed. These include, amongst others, the Medium Term Financial Strategy, the Capital Strategy and the Asset Management Plan.

The objectives outlined within these Strategies are translated into more specific aims and objectives in the service plans which are prepared every year for each portfolio and the Regulatory and Licensing Committees. These include action plans and registers of associated risks and are presented to the Overview and Scrutiny Committee or relevant scrutiny panel.

Further promotion of the Council's vision and objectives comes via the Council's quarterly newspaper, the South Staffordshire Review and the Annual Report, of which more later.

The South Staffordshire Local Partnership has adopted a Sustainable Community Strategy, which is the result of a wider consultation with our communities. The overarching vision contained within the Community Strategy is the same as that within the Council's own Corporate Strategy, demonstrating the close alignment of the Council with partners in the wider community. The South Staffordshire Partnership, the membership of which comprises a wide range of organisations across the district, has a constitution and a compact. It has focussed its work through the development of four delivery groups; Health and Wellbeing, Children and Young People, Housing and Economic Vibrancy, each of which has detailed terms of reference, as well as the closely associated Crime Reduction Partnership.

An attractive and informative Annual Report is published each year. This sets out highlights from the previous year, progress against the aims and objectives contained within the Corporate Strategy, summary financial results, resident consultation and a forward looking list of commitments for the coming year. This list is taken from the service plans.

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.

Charter Mark accreditation has been received for several of the Council's customer facing services such as elections, homelessness advice and Solutions, the one stop shop reception area.

With the demise of the national indicator set, directors have introduced a new suite of indicators which are identified in the portfolio plans. The new set of indicators is monitored on a quarterly basis by the Cabinet. Quarterly reports are made to the Cabinet to ensure that senior members are fully aware of progress against targets.

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 which is managed by the Council's Monitoring Officer. Informal complaints are investigated by the Customer Services Officer. Minor complaints such as a missed refuse bin collection are dealt with by the relevant service.

With respect to Value For Money the following quote is extracted from the latest Annual Audit Letter presented to the Audit Committee by the Audit Commission:

"You are in a strong position when comparing its costs and performance. You have a significant number of services in the upper quartile of performance and an above average number of performance indicators improving over the past three years. You are the fourth lowest of all English councils for council tax, and in the bottom ten for expenditure."

The council's position of fourth lowest band D council tax of any district in England has been maintained into 2011/12.

Members and officers working together to achieve a common purpose with clearly defined functions and roles

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.

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.

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

Meetings are open to the public except where personal or confidential matters are being discussed.

The Council has an Action Plan to further enhance Member Engagement & 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, Chief Financial Officer and Monitoring Officer have been vested in the Chief Executive, Director of Finance and Head of Governance and Scrutiny respectively.

With respect to the Director of Finance the Council's governance arrangements comply with the requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Public Service Organisations.

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.

Remuneration for Members is regulated by the Independent Remuneration Panel and the allowances payable are included within the Constitution. Remuneration for officers is governed by nationally negotiated pay awards and a locally adopted Job Evaluation scheme. A system of annual personal development interviews for all officers is well established.

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.

Excellent working relationships have been established with a range of partners. The revised Sustainable Community Strategy identified priorities for the district. Each of the partnership delivery groups has an action plan which is reviewed annually.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

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 and policies on Fraud and Corruption, Money Laundering, Whistleblowing and Internet/email Usage.

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

In addition the Council has a Standards Committee, the independent membership of which is over 25%. The Committee is chaired by an independent member of the Committee who is not a member of the Council. The committee's roles and functions include:

- To promote high standards of conduct by Councillors (including Parish Councillors);
- To advise the Council and the Parish Councils on the adoption or revision of the Code of Conduct;
- To advise the Council on the operation of the Code of Conduct;
- To monitor that such Codes of Conduct have been adopted by the Council and the Parish Councils and that Members of the Councils concerned have signed to accept the provisions of the relevant Code;
- To ensure that arrangements are made for advice to be available to assist Members to comply with the adopted Codes of Conduct;
- To ensure that arrangements are put in place for keeping and updating the Registers of Members' Interests for the Council and for the Parish Councils;
- Advising on training for Councillors, Parish Councillors and co-opted members on matters relating to the Code of Conduct;
- Functions relating to standards of conduct of councillors under any statutory provision;
- Considering any reports from a case tribunal or interim case tribunal and any report from Standards for England to the Monitoring Officer (and making determinations thereon) or on any other matter which falls within the jurisdiction of the Monitoring Officer;
- To monitor and to advise the Council on its "whistleblowing" policy.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

An Overview and Scrutiny Committee has been established and its role is set down in the Constitution, as are the details of the four Scrutiny Panels.

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.

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

A policy on Whistleblowing is included within the Constitution and is 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.

Developing the capacity and capability of members and officers to be effective

An induction programme is in place both for members and officers. For the new members who joined the Council in May 2011 a new induction and training programme has been introduced. This has been developed around the three key areas of governance, policy and community leadership.

To supplement this more tailored training is provided to members and officers as appropriate. For instance, the Chairman of the Council receives training for that specific role, and the members of 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.

All Council services are delivered by trained and experienced officers. Job Descriptions and Person Specifications have been drawn up for all posts and an interview panel that includes a member of staff from Human Resources ensures that the best candidates are appointed into each position.

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.

The Leader of the Council has completed the IdeA's Leadership Academy course and two further members of the Cabinet are part way through.

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.

Engaging with local people and other stakeholders to ensure robust public accountability

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

The Community Strategy was created following a significant consultation process with the local communities, ensuring that the views of all areas of the district were taken into account. Outputs against the objectives are measured and formally reported to stakeholders through the Partnership and the Council's Annual Report.

The Council has introduced locality working where local people are involved in local decision making through forums such as Community Face to Face events, partnership events, etc. The Council also remains committed to carrying out an annual survey of its residents panel to ensure that satisfaction with the Council and the services provided remains high.

The Council's Corporate Strategy represents the key document that outlines its vision, objective and priorities for the year ahead, sets performance targets and outlines the Council's accountability to its stakeholders. When identifying objectives for the Corporate Strategy the views of stakeholders are taken into account. The Corporate Strategy is made available to South Staffordshire's stakeholders, ensuring that they are aware of the objectives, goals and performance of the Authority.

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.

The Council's newspaper, the South Staffs Review, is delivered to every household in the district on a quarterly basis and is used both to impart information and provide an opportunity for residents to provide feedback.

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. They are also available for inspection at Parish Council offices and local libraries.

The Council has a formal complaints procedure which 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.

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.

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 Heads of Service 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 has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, others are based on choices made by the Council. The Constitution also includes the Codes of Conduct for both members and employees.

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 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 or by the Licensing Committee.

There is one Overview and Scrutiny committee to review the work of the Cabinet and the Council as a whole. The Overview and Scrutiny Committee appoints 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 has, as required by statute, appointed a Crime and Disorder Committee which also performs a scrutiny function.

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 five times during the year to consider a wide range of items from the budget proposals, quarterly performance indicators and service plans. The four panels met on a total of fourteen occasions during the same period.

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 seven times during the year to consider regular reports from internal audit on systems reviews, quarterly risk management reports from the Director of Finance and the Annual Audit and Inspection Letter from the Audit Commission.

The Standards Committee held three public meetings during 2010/2011. Consideration of the future work programme for the Standards Committee has been held in abeyance pending further information from the Government on its proposals for the Standards Regime.

The Standards Committee has also considered several allegations of breaches of the Code of Conduct for Councillors that have been made against District and Parish Councillors acting in that capacity ensuring high

standards of conduct are maintained. The Standards Committee has continued to receive training on its duties and responsibilities.

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 has conducted a self assessment on its effectiveness, which will be reported to the Audit Committee on 28th June 2011. The Internal Audit Section is compliant with the Code of Practice for Internal Audit in Local Government. However, where minor areas of non-compliance have been identified, an action plan has been produced to address these issues. In addition, the Internal Audit Service has met its performance targets for 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.

5. Significant Governance Issues

The following governance issues were identified during 2010/11 as a result of the review of arrangements and by the work of internal and external audit:

The Council will consider the adoption of a revised Code of Corporate Governance, following implementation of the proposed Localism Act. This will incorporate an Ethical Governance Framework and procedures to ensure continued high ethical standards following the abolition of the current standards regime.

The scrutiny arrangements have been refocused to include areas where the Council is working in partnership. This will be further developed and expanded to include locality working.

The Council needs to develop a Member Development Programme to ensure that Members have access to training in relation to the skills necessary to carry out their various roles.

The Council needs to ensure that the high level recommendations identified by Internal Audit in their reports on data protection, iTrent access controls and project management are completed.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Chief Executive

Leader of the Council

Date: 27th September 2011

Date: 27th September 2011

ANNUAL GOVERNANCE STATEMENT ACTION PLAN		
Item	Responsible Officer	Deadline
The Council will consider the adoption of a revised Code of Corporate Governance, following implementation of the proposed Localism Act. This will incorporate an Ethical Governance Framework and procedures to ensure continued high ethical standards following the abolition of the current standards regime.	Chief Executive/ Head of Governance and Scrutiny Services(Monitoring Officer)	Dependent on the enactment of primary legislation
The scrutiny arrangements have been refocused to include areas where the Council is working in partnership. This will be further developed and expanded to include locality working	Chief Executive/ Head of Governance and Scrutiny Services(Monitoring Officer)	July 2011
The Council needs to ensure that the high level recommendations identified by Internal Audit in their reports on data protection, iTrent access controls and project management are completed.	Management Team	October 2011
The Council needs to develop a Member Development Programme to ensure that Members have access to training in relation to the skills necessary to carry out their various roles.	Deputy Chief Executive/Head of Governance and Scrutiny Services/ Training Officer	Development of Member training ongoing