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 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 the Accounts and Audit Regulations 2015, Regulation 10 (and Regulation 6), 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 2016 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;**

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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

i) Strategic – The Council Plan

Council Plan 2012 – 2016
A clear statement of the Council’s purpose and vision was set out in the Council Plan 2012-2016. This plan, agreed by Council in May 2012 and designed to be in place for four years, outlined 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 a series of measures, targets and actions were set. 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. At the time of producing this statement the final outturn figures on the Council Plan performance are due to be presented to Overview and Scrutiny Committee on 12th July 2016 and then to Council on 13th September 2016.
Council Plan 2016 - 2020

The new Council Plan for 2016 – 2020 has now been developed. This plan, was agreed by Council in April 2016 and designed to be in place for four years, outlines the Council’s overarching vision, its Values and sets out the Council’s priorities under three headings; 1. A Skilled and Prosperous District 2. A Safe and Sustainable District and 3. A Connected District.

Against each of these priorities objectives are set which are supported by a series of targets which will be reviewed and refreshed annually.

Performance against the Council Plan is monitored on a quarterly basis by the Strategic Management Team and Cabinet. Performance is also reported on to the Challenge Panels and measured on a half-yearly basis by the Overview and Scrutiny Committee. Alongside the three headings the plan sets out the values that underpin all we do: customer focused organisation; value for money and working in partnership.

ii) Organisational -E & I plan

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) set out how the organisation will prepare itself to meet the challenge of delivering the new Council Plan. Progress on the E&I plan is reported regularly to Cabinet and on a six month basis to the Council’s Overview and Scrutiny Committee.

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 E&I Plan has now been included as a programme risk (rather than simply as an operational risk) this means that it will automatically go to the risk management board and then be reported to Audit Committee.
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.

iii) Operational

- Corporate governance/decision making –

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 24th March 2015. This was then reviewed on a consistent basis leading to changes in June 2015, September 2015 and January 2016 to make changes.

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 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.

Transparency of decision making is important. 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. Meetings of Council, Planning Committee and Overview and Scrutiny Committee are recorded and available to the public on request. A large amount of work took place in 2015/16 to improve a) the way in which committee/Council papers are made available and b) the Council’s website - a new website is currently in test with residents and will shortly replace the existing website.

The constitution and the scheme of delegations were subject to an internal audit in 2015/16 and it was found to have substantial assurance.

Leader and Cabinet Model - 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. Decisions of the Cabinet are subject to scrutiny by the Committees/Panels carrying out the statutory Overview and Scrutiny function.

Non Executive Decisions - 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 Planning Committee, the Licensing and Regulatory Committee or the Standards and Resources Committee (or are delegated by those Committees to officers).
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) 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). The Council’s position of fourth lowest band D council tax of any district in England has been maintained into 2016/17.

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

- **Scrutiny/Challenge**

The formal scrutiny role is carried out by Overview and Scrutiny Committee, the Wellbeing Select Committee and the Asset Investment Scrutiny Panel. The Asset Investment Scrutiny Panel carries out the function of scrutiny in relation to decisions falling with the Asset Investment Strategy (approved by Council on 29th March 2016). The functions of these committees/panels 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. A review of the effectiveness of the Audit Committee was carried out during 2015/16 and a few areas for improvement were identified. An action plan has been produced to address these issues during 2016/17.

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 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.

- **Conduct/Anti-Fraud Initiatives**

  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. Annual training for members takes place on the 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. Previously two Associate Independent Persons were been appointed by the Council, one of whom will act in a case if the Independent Person is unable to do so. However one has recently resigned and the Council is in the process of appointing a second associate independent person.

  The Council has, following the implementation of the revised standards regime introduced by the Localism Act 2011, retained a Standards Committee. This has, since 8th May 2016, been known as the Standards and Resources Committee. This Committee generally meets every other month. 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.

  In 2014 the Council adopted revised policies on Fraud and Corruption and Whistleblowing. The Council also has clear policies on Money Laundering, and Internet/email Usage. The Whistleblowing policy is being reviewed in 2016/17 following a whistleblowing complaint in 2015/16 which demonstrated a need to slightly amend certain aspects of the
procedure. In 2015/16 there was one whistleblowing complaint which identified some improvements in terms of processes did not raise any improper behaviour.

Policies on Whistleblowing and Anti-Fraud and Corruption are promoted to staff and members. All relevant staff had training in 2015/16 on Fraud, Corruption and Money Laundering and training was also given to Members on fraud/corruption awareness.

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

- **Communications** - 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.

  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 external communications strategy articulates the Council’s vision to develop its approach to social media.

- **Partnership working** – Partnership working is a critical part of the Council’s approach and continues to been a strength. 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)

- Task and finish groups (which meet around the five key partner areas; dementia, mental health, obesity, rural isolation, and alcohol)

The partnership is currently delivering on its second commissioning cycle.

- **Performance Management/Complaints** –

  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.

  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. Complaint decisions from the Local Government Ombudsman (LGO) are routinely taken to the Standards and Resources Committee along with a quarterly update on complaints and an annual report on the level of complaints, compliments and comments.

- **Staff/Member engagement development and training** –

  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

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 was 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. The training for members is co-ordinated by a panel of members known as the Member Engagement and Training Panel made up of the relevant cabinet member, the Chairmen of the committees/Council and the Chairmen of the Challenge Panels. This meets quarterly and regularly reviews and challenges the training provided for members.

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.

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. 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. The feedback on the staff survey was shared with members at a briefing in April 2016.
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:

- **Monitoring of the Constitution** - 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 (other than minor technical changes – such as the levels of the OJEU procurement regime) are subject to approval by the Council.

- **Overview and Scrutiny** - There is one primary Overview and Scrutiny committee to review the work of the Cabinet and the Council as a whole. There is also a Wellbeing Select Committee and an Asset Investment Scrutiny Panel. The Asset Investment Scrutiny Panel carries out the function of scrutiny in relation to decisions falling with the Asset Investment Strategy (approved by Council on 29th March 2016).

  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 (up to the date of this report) to consider a wide range of items from the budget proposals, performance indicators and a councillor call for action.

- **Audit Functions** - 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 terms of reference were revised in May 2016 to bring them into line with CIPFA guidance on best practice in this area, these changes were reflected in the Constitution as approved at Annual Council on 10th May 2016 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 Chief Financial Officer and the Annual Audit and Inspection Letter.

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 upon a formal 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.

In 2015/16 there was one limited internal audit report, this concerned risk management. The report on this went to Audit Committee on 28th June 2016. Immediate steps have been put in place to address the issues raised. The manager responsible attended the Committee meeting to explain the response and will be reporting back to future Committee meetings on the steps taken. The Council’s insurers have confirmed that they are satisfied with the approach to risk taken by the authority.

The Internal Audit Service carries out an annual self-assessment exercise against the UK Public Sector Internal Audit Standards and the Local Government Application Note. These standards promote improvement in the professionalism, quality, consistency and effectiveness of the Internal Audit Service. The results of the self-assessment for 2015/16 against current standards show that 90% of the standards are deemed to be fully in place. A detailed action plan has been produced for those areas assessed in 2015/16 as partially compliant. The work of internal audit is also considered by the External Auditors and is used to inform their audit plan and activities. Internal Audit Service has two performance targets which have been exceeded 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. A critical part of this framework is the role of external audit providing advice and challenge where appropriate including supporting the training programme for members. External audit provide assurance on financial statement and also on value for money, this is extremely useful and it is pleasing to note that there has been no qualification issue on the accounts in previous years.

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.

- **Standards** - The Standards and Resources Committee held five public meetings during 2015/2016. The composition, role and focus of the Committee were revised following the review of the Constitution in 2014/15 and its remit and focus was widened.

A key part of the remit of this Committee is overseeing responsibility for the policy on Comments, Compliments and Complaints. The Committee receives all copies of reports from the Ombudsman and also receives updates to every meeting on any substantial cases as well as receiving a detailed annual report on complaints.

This Committee also takes an active role in scrutinising the approach taken to a number of areas and receiving reports on issues such as corporate health and safety and elections.

### 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 24th March 2015, and came into effect on 8th 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”.

In the 2015 AGS one of the areas for improvement in terms of Governance identified was improving accessibility to the Council’s website particularly in terms of access to Committee papers and Governance issues.

The Council has not only introduced a new democratic management system which improves the availability and accessibility of this information but has also introduced a new website more generally which is now being trialled with the public and once the issues raised through this trial are identified and addressed it will then be rolled out in summer 2016.
In 2016/17 the Council’s whistleblowing policy needs to be reviewed. This will take place during the year and it will then be brought to Audit Committee for its comments and then be adopted.

In 2016/17 the recommendations made by Internal Audit on risk management will be implemented.

Signed

Chief Executive  
Leader of the Council

Date:  June 2016  
Date:  June 2016