

**STAFFORD BOROUGH COUNCIL  
ANNUAL GOVERNANCE STATEMENT FOR 2020-21**

**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 2021 and up to the date of approval of the Annual Governance Statement.

- 2.4 At the point that the first national lockdown came into effect, the Council had to make a number of changes to its normal governance arrangements and many of these have remained in place since that time. The modified arrangements have adequate controls in place and have been kept under review.

### **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 and Adult Protection Policy and procedure in place endorsed by the Staffordshire Safeguarding Children Board and Staffordshire and Stoke Adult Safeguarding Partnership
- Having child and 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 and Staffordshire and 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 2020/21.

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.

As a result of the need to make urgent decisions during the pandemic, meetings were held with all political group leaders to brief them and take decisions where necessary.

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 and 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 and corruption arrangements throughout the year. The Audit and 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 Audit Plan for 2020-21 was revised as a result of the pandemic with work focussed on systems where controls were changed to support the move to homeworking and new areas of work arising from Covid response and recovery work. This work has been used to provide an independent view on the adequacy of the governance framework.

In the annual report to the Audit and 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 identified Cyber and Network Security as a significant issue 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 2020-21 the Audit and Accounts Committee received regular progress reports regarding the management of strategic risks. The strategic risks facing the Council were reviewed as at 1 April 2021 and as there are currently 3 red risks for inclusion as significant governance issues:
- The Council's financial stability is adversely affected in the short and medium term;
  - The economy of the Borough is adversely impacted limiting the ability to deliver the Economic Growth Strategy for the Borough
  - The Council's key contractors are adversely affected by lockdown and cease to operate

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. The following issues have been identified:

- Ongoing effect of the pandemic on the Borough's economy;
- Cyber security; and
- Ongoing support to the Council's key contractors.

4.10 **Assurance from the Statutory Officers** - assurances have been sought, through discussions with the Head of Paid Service (ie Chief Executive), the Monitoring Officer (Head of Law and 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:

- Ongoing response and recovery from the pandemic;
- Financial pressures as a result of the pandemic;
- Officer capacity;
- Effect of the pandemic on the ability to hold decision making meetings
- The potential further sharing of services, including the Chief Executive, with Cannock Chase District Council; and
- Implementation of the new Finance system.

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

- (i) Audit Findings (dated 23 November 2020 and reported to Audit and Accounts Committee 25 November 2020; and
- (ii) Annual Audit Letter (dated 25 January 2021 and reported to Audit and Accounts Committee 2 February 2021).

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.

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 its 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 and 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. The majority of the issues are ongoing from the previous AGS and relate to the effects of the coronavirus pandemic. There are also 2 actions from the 2018-19 Annual Governance Statement which hadn’t been fully completed and were deferred to allow resources to be focussed on response and recovery from the effects of the pandemic.

ISSUE and ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p><b>6.1.1 Response and Recovery from the Coronavirus Pandemic</b></p> <p>A Recovery Strategy was prepared to deal with the effects of COVID-19 on the Borough and considerable progress has been made in implementing this. Those residual actions which have not yet been completed in full have now been incorporated into the new Corporate Business Plan which sets out the Council’s priorities for the next 3 years</p>	Leadership Team	Ongoing



<b>ISSUE and ACTION</b>	<b>OFFICER RESPONSIBLE</b>	<b>TARGET DATE</b>
<p>Work continues to be delivered on the key major projects being progressed by the Council including investment in Stafford Town Centre through the successful Future High Streets Fund bid, continued development of Stafford Station Gateway and the potential Garden Community at Meecebrook. Supporting local businesses affected by the pandemic through the delivery of the Additional Restrictions Grant support remained a key priority</p> <p>Key actions for 2021/22 include:</p> <ul style="list-style-type: none"> <li>• Delivery of the Stafford Town Centre Transformation Programme, including the year 1 delivery of the Future High Street Funds Projects</li> <li>• Phase 2 work on Stafford Station Gateway</li> <li>• Feasibility studies for potential Garden Community</li> </ul>		<p>Ongoing</p> <p>Ongoing</p> <p>December 2021</p>
<p><b>6.1.4 The Council's Key Contractors</b></p> <p>The Council's key contractors have been adversely affected by the successive lockdowns.</p> <p>The Council is continuing to work to support them by providing financial assistance and in implementing their recovery plans.</p>	Head of Operations	Ongoing
<p><b>6.1.5 Officer Capacity</b></p> <p>Officer capacity has been stretched during the pandemic with the delivery of essential services, key projects and work on response and recovery. This has been managed throughout and accounted for in the new Corporate Business Plan for the next 3 years.</p> <p>The Operational Recovery work stream is continuing to provide a co-ordinated approach to operational and transformational recovery taking into account service delivery priorities, timescale and capacity to deliver.</p>	Chief Executive	Ongoing

<b>ISSUE and ACTION</b>	<b>OFFICER RESPONSIBLE</b>	<b>TARGET DATE</b>
<p>The development of the shared service business case will also take into consideration capacity and resilience (see also 6.1.9)</p>		
<p><b>6.1.6 Decision Making Meetings During the Pandemic</b></p> <p>The first lockdown during the pandemic affected the normal committee meeting cycle, with a number of meetings cancelled/postponed. The introduction of virtual meetings allowed for a settled calendar of meetings to be re-instated. However, since May 2021 the need for the physical attendance of Members at decision making meetings has been re-introduced. This presents a number of challenges to ensure that democratic processes can take place and safely.</p> <p>Risk assessments are being undertaken for each venue used. Virtual attendance is being considered where it is lawful to do so. Delegated authorities are kept up to date.</p>	<p>Chief Executive and Monitoring Officer</p>	<p>Being kept under review</p>
<p><b>6.1.7 Shared Services</b></p> <p>The Council's Financial Recovery Plan and Medium Term Financial Strategy includes the potential for savings arising from further shared services. In particular the recommendations arising from the Environmental Services review are due to be reassessed by both Cannock Chase Council and the Borough.</p> <p>As a result of the resignation of the Managing Director at Cannock Chase District Council the Chief Executive is to be shared with Cannock Chase District Council pending the development of a business case to assess the potential for an extension to the existing sharing of services between the two Councils.</p>	<p>Shared Services Board</p>	<p>January 2022</p>

<b>ISSUE and ACTION</b>	<b>OFFICER RESPONSIBLE</b>	<b>TARGET DATE</b>
<p>The sharing arrangement is for a 14 month period wef 1 June 2021, including a handover period of 2 months, the development and consideration of a business case within a further 6 months, and then either confirmation of the ongoing sharing arrangements or a six month cover period whereby CCDC determine their own arrangements for the Head of Paid service role.</p> <p>The business Case will include a review of the governance arrangements that would be needed to support the sharing of a Chief Executive and further services. The key actions are:</p> <ul style="list-style-type: none"> <li>• Development of the business case</li> <li>• Review of governance arrangements</li> <li>• Business case to be submitted to both Councils for consideration</li> </ul>		
<p><b>6.1.8 Cyber Security</b></p> <p>There is an increasing risk of cyber attacks. Work is planned to further enhance the Council's security arrangements and this includes:</p> <ul style="list-style-type: none"> <li>• A Cyber Security group to be formed.</li> <li>• Access to the network to be limited to corporate devices only.</li> <li>• a checklist of Cyber specific action to be added to the Technology Major Incident process for response in the event of an incident.</li> <li>• Cyber Awareness training made compulsory.</li> <li>• Protective Domain Name Servers used on all corporate devices.</li> </ul>	Head of Technology	November 2021
<p><b>6.1.9 New Finance System</b></p> <p>The Council has procured a new Finance system. The implementation timetable has been impacted by the pandemic and a phased implementation introduced. The main system went live on 1 April 2021 but other elements will be implemented over the coming months.</p>	Head of Finance	Ongoing

<b>ISSUE and ACTION</b>	<b>OFFICER RESPONSIBLE</b>	<b>TARGET DATE</b>
<p>Contingency plans were put in place to maintain the existing financial system for a 12 month period</p> <p>The core external elements of the system in terms of payments to creditors, etc and income collection were up and running from day one.</p> <p>Teething troubles are being experienced with the new internal accounting elements of the system and the following actions are planned:</p> <ul style="list-style-type: none"> <li>• Ongoing project management</li> <li>• Testing and checking that the system is operating as expected</li> <li>• User training.</li> <li>• Post implementation review</li> </ul> <p>The Council's financial accounts for 2020-21 are being closed down on the old system.</p>		
<p><b>6.1.10 Employees' Code of Conduct (deferred in 2020-21 due to pandemic)</b></p> <p>The review of the Employees' Code of Conduct has been completed. The revised Code has been agreed with Leadership Team. Managers and the Trade Unions need to be consulted before the Code is passed to Council for approval.</p> <p>The Code will be reviewed in light of the impact of COVID-19 to see if any changes need to be made before it is consulted on and passed to Council for approval.</p>	<p>Head of Human Resources, Head of Law and Administration and Head of Governance</p>	<p>December 2021</p>
<p><b>6.1.11 Information Governance (deferred in 2020-21 due to pandemic)</b></p> <p>An Information Governance Framework has been drafted to complement the existing policy documents. The next stage is for this to be considered by Leadership Team.</p> <p>The revision of the Retention of Documents Schedule needs to be completed and all employees made aware of it.</p>	<p>Head of Law and Administration</p>	<p>December 2021</p>

**Signed:**

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Chair of the Audit and Accounts Committee

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Date

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Leader of the Council

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Date

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Chief Executive

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Date

on behalf of Stafford Borough Council

## GOVERNANCE FRAMEWORK

