

**CANNOCK CHASE DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT FOR 2020-21**

1. Scope of Responsibility

- 1.1 Cannock Chase District 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. Cannock Chase District 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:

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

4. Review of effectiveness

- 4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is led by the Head of Governance & Corporate Services 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, undertakes 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 and financial 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. There is also a formal Shadow Cabinet in place, which provides an opportunity to challenge decisions and how they are made.

As a result of the need to make urgent decisions during the pandemic, regular meetings were held with all political group leaders to brief them and take decisions where necessary. A Recovery Overview Board comprising all Group Leaders and a number of Cabinet Members was established to shape the response to and planning for recovery from the pandemic.

- 4.4 **Overview and Scrutiny committees** - the Council had 4 Scrutiny Committees during 2019-20, which were aligned to the Council's priorities. 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 & Governance Committee** - is responsible for overseeing the Council's governance arrangements. The Committee monitors the effectiveness of risk management, reviews corporate governance issues, the work of Internal Audit and the anti-fraud & corruption arrangements throughout the year.

The Audit & Governance 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 & 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 & Governance Committee received regular progress reports regarding the management of strategic risks. There are currently 4 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 District is adversely impacted;
- The Council's key contractors remain sustainable and continue to provide value for money; and

- The Council doesn't have sufficient officer capacity or financial resources to sustain delivery of essential services, key projects and support work on recovery

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:

- Cyber security
- Ongoing support to the Council's leisure contractor, IHL
- Impact of the pandemic on the District's economy

4.10 **Assurance from the Statutory Officers** - assurances have been sought, through discussions with the Head of Paid Service (ie Managing Director), the Monitoring Officer (Head of Law & Administration at SBC) 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:

- Planning for recovery for the District and the Council
- Financial pressures as a result of the pandemic;
- Capacity issues in trying to maintain the delivery of essential services and plan for recovery for the District;
- Further sharing of services with Stafford Borough Council;
- Effect of the pandemic on the ability to hold decision making meetings
- 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 26 November 2020 and reported to Audit & Governance Committee 30 November 2020); and

- (ii) Annual Audit Letter (dated 25 March 2021 and reported to Audit & Governance Committee 6 April 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 it's operation in practice.
- 5.3 Whilst the governance framework is considered to be adequate a number of issues have been identified that need to be addressed to further enhance the Council's governance arrangements. These are outlined in section 6 together with the actions to be taken.
- 5.4 The Audit & Governance 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 4 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 & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>Response and Recovery from the Coronavirus Pandemic</p> <p>A Recovery Strategy was prepared to deal with the effects of COVID-19 on the District 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 Plan which sets out the Council's priorities for the next 3 years.</p> <p>The Corporate Plan now represents the overarching document of the Council incorporating the Council's Response, Recovery and Reshape Strategy combined with the refreshed medium term priorities , aims and objectives</p>	Leadership Team	Ongoing
<p>Financial Stability</p> <p>The Council has incurred both additional expenditure and a material loss of income from fees and charges etc. Despite receiving some additional grant funding, the pandemic has had a significant impact on the Council's finances during 2020-21 and this is continuing into 2021-22 as a result of the impact on the Local Economy. This compounds the ongoing financial uncertainty regarding the future funding regime for local government.</p> <p>This has been/ will be addressed by:</p> <ul style="list-style-type: none"> • Monitoring the Financial Impact of COVID-19; • Implementing an Interim Financial strategy; • Refreshing the Medium Term Financial Plan; and • Determining a Financial Recovery Strategy. 	<p>Managing Director and Head of Finance</p> <p>Head of Finance</p> <p>Head of Finance</p> <p>Head of Finance</p> <p>Head of Finance</p>	<p>Ongoing</p> <p>Completed</p> <p>Ongoing</p> <p>Ongoing</p>

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>The Economy of the District</p> <p>The pandemic is having a considerable impact on the economy of the District and the Council's plans will be reviewed to reflect this, the timing of this will be linked to the end of existing Government support measures likely to be at the end of September 2021.</p> <p>During 2020/21, an Economic Recovery Plan was put in place setting out the actions for the initial response and recovery.</p> <p>In the longer term, Supporting Economic Recovery is a key priority in the new Corporate Plan and this sets out the key actions for 2021-24 which includes</p> <ul style="list-style-type: none"> • Working with McArthurGlen to maximise the economic benefits of the new Designer Outlet • Supporting local businesses with their recovery through the provision of advice and support grants • Working in partnership to provide support to newly unemployed residents to increase skills levels • Developing plans to re-shape our town centres • Submitting a bid for £20m to the Government's Levelling Up Fund for Cannock Town Centre • Investing £12.9m of our Housing Investment Fund to deliver c100 new Council properties • Supporting the re-development of the former Rugeley Power Station to create a zero carbon community. 	<p>Head of Economic Prosperity</p>	<p>Ongoing</p>

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>The Council's Key Contractors</p> <p>The Council's key contractors, in particular its Leisure contractor IHL, have been adversely affected by the successive lockdowns.</p> <p>In addition, the originating authority of IHL, Wigan Metropolitan Council terminated their contract with IHL wef from the 1 April 2021.</p> <p>Revised arrangements have now been put in place with IHL and Selby District Council ,the other remaining contract of IHL, to secure the medium term future of the contract. In accordance with the options contained in the current contract that terminates in February 2022 the contract for CCDC has been extended by five years, subject to annual agreement of the Management Fee.</p> <p>The Council is continuing to work to support them by providing financial assistance re the impact of the pandemic and in implementing their recovery plans.</p>	<p>Head of Environment & Healthy Lifestyles</p>	<p>Ongoing</p>
<p>Officer Capacity</p> <p>With the delivery of essential services, key projects, the introduction of new services, and work on recovery, resources are stretched. Early in the first lockdown, key projects planned for 2020-21 were re-prioritised and a number were either deferred or reshaped to reflect the impact of the pandemic. Priorities have been kept under review throughout.</p> <p>Priorities and capacity have been taken into account in preparing the new Corporate Plan for 2021-24 and the supporting delivery plans. 9 key strategic priority projects have been identified for 2021-22 and additional resources have been allocated where appropriate.</p> <p>In 2021 there is a short-term capacity issue at senior management level due to the MD leaving, one Head of Service retiring and the interim MD due to retire at the end of July. Interim staffing arrangements, covering an initial 12 month period, have been put in place pending a review of the potential to share a Chief Executive on an ongoing basis and other services more widely with Stafford Borough Council.</p>	<p>Managing Director</p>	<p>Ongoing</p>

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>Shared Services</p> <p>The interim arrangements include the sharing of Stafford Borough Councils Chief Executive 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>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. 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"> • Development of the business case • Review of governance arrangements • Business case to be submitted to both Councils for consideration 	<p>Shared Services Board</p>	<p>January 2022</p>

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>Decision Making Meetings</p> <p>The first lockdown affected the normal committee meeting cycle, with a number of meetings cancelled/postponed.</p> <p>As a result of the need to make urgent decisions during the pandemic, regular meetings were held with all political group leaders to brief them and take decisions where necessary. A Recovery Overview Board comprising all Group Leaders and a number of Cabinet Members was established to shape the response to and planning for recovery from the pandemic.</p> <p>The introduction of virtual meetings allowed for a settled calendar of meetings to be re-instated and this included Remote Cabinet Meetings.</p> <p>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. 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>Will be kept under review</p>
<p>Cyber Security</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"> • A Cyber Security group to be formed • Access to the network to be limited to corporate devices only • a checklist of Cyber specific action to be added to the Technology Major Incident process for response in the event of an incident. • Cyber Awareness training made compulsory. • Protective Domain Name Servers used on all corporate devices 	<p>Head of Technology</p>	<p>November 2021</p>

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>New Finance System</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> <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"> • Ongoing project management • Testing and checking that the system is operating as expected • User training. • Post implementation review <p>The Council's financial accounts for 2020-21 are being closed down on the old system</p>	<p>Head of Finance</p>	<p>Ongoing</p>
<p>Employees' Code of Conduct (deferred in 2020-21 due to pandemic)</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 & Administration and Head of Governance</p>	<p>December 2021</p>

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>Information Governance (deferred in 2020-21 due to pandemic)</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 Governance & Corporate Services</p>	<p>December 2021</p>
<p>Contracts Register (deferred in 2020-21 due to pandemic)</p> <p>Management of Contracts in particular ensuring adequate timeframe for re-letting of major contracts e.g. housing/leisure.</p> <p>Develop and maintain departmental contracts registers and procurement plans to support the timely planning for the procurement of contracts in future.</p>	<p>Head of Governance & Corporate Services and Leadership Team</p>	<p>October 2021</p>
<p>Effective management of Corporate Assets and compliance (deferred in 2020-21 due to pandemic)</p> <ul style="list-style-type: none"> • Ensure robust systems in place to secure compliance across full range of building related risks; • Review condition surveys for Council owned assets and identify a phased plan for maintenance / investment (linked to development of Asset Strategy / Plan below)Development of a new Asset Management Strategy / Plan. 	<p>Head of Economic Prosperity and Corporate Assets Manager</p>	<p>Ongoing</p>

Signed:

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Chair of the Audit & Governance Committee

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Date

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Leader of the Council

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Date

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Managing Director

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Date

on behalf of Cannock Chase District Council

GOVERNANCE FRAMEWORK

