CANNOCK CHASE DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT FOR 2018-19

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 2019 and up to the date of approval of the Annual Governance Statement.

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 2018-19 but there are still 2 issues outstanding from the previous review:

- The need to review the Code of Conduct for Employees; and
- Development of the Information Governance framework.

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 a formal Shadow Cabinet in place, which receives equal information to the Cabinet and provides an opportunity to challenge decisions and how they are made.

4.4 **Overview and Scrutiny committees** - the Council has 4 Scrutiny Committees, which are 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 work undertaken on the annual audit plan for 2017-18 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 not identified any issues 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 2018-19 the Audit & Governance Committee received regular progress reports regarding the management of strategic risks. There is currently 1 red risk for inclusion as a significant governance issue:

- Vulnerability of Cannock Chase Council's financial stability as a result of public expenditure reductions and changes to the Government's funding regime.

One amber risk has also been identified for inclusion through other assurance sources and has been attributed accordingly.

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 significant governance issues have been identified:

• Effective management of Corporate Assets and compliance

4.10   **Statements of Assurance from the Statutory Officers** - assurances have been sought from 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:

• Vulnerability of the Council's financial stability as a result of reductions in public expenditure and changes to the Government's funding regime; and
• Management capacity to deliver the Council's Corporate Priorities and statutory duties.
• Implications arising from EU Exit – there is considerable uncertainty about the effects on legislation as it affects the Council.

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

(i) Audit Findings (dated 26 July 2018 and reported to Audit & Governance Committee 26 July 2018); and
(ii) Annual Audit Letter (dated August 2018 and reported to Audit & Governance Committee 27 November 2018).

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 for the past year and the year ahead are summarised in the table below together with the actions planned to address them.

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
Employees' Code of Conduct The review of the Employees' Code of Conduct has been completed. The revised Code needs to be approved by Leadership Team and Council. Once approved, all employees will need to be made aware of the new Code of Conduct.	Head of Human Resources, Head of Law & Administration and Head of Governance & Corporate Services	September 2019

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
Information Governance An Information Governance Framework needs to be developed to complement the existing policy documents. The revision of the Retention of Documents Schedule needs to be completed and employees made aware of it.	Head of Governance & Corporate Services	January 2020 October 2019
Contracts Register Management of Contracts in particular ensuring adequate timeframe for re-letting of major contracts e.g. housing/leisure. • develop and maintain departmental contracts registers and procurement plans to support the timely planning for the procurement of contracts in future.	Head of Governance & Corporate Services and Leadership Team	January 2020
Financial Stability The Approved Budget and Plan currently provides an ongoing balanced budget. This is based upon the current Local government Finance Regime, however fundamental changes to Government Funding, details still to be determined, are set to take place in 2020/21 which combined with the ongoing uncertainty in relation to the longevity of the New Homes Bonus grant scheme creates a key strategic risk for the financial stability of this and all other councils. Actions planned include: • Robust Medium Term financial strategy to continue to take a pro-active approach to mitigate the effects of further financial reductions. • Increase level of reserves to manage potential risks. • Undertake a range of service reviews to identify savings and growth options. • Continue careful management of all Council's budgets and assets to maximise their impact.	Managing Director and Head of Finance	Ongoing

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
Management capacity and delivery of the Council's corporate priorities and statutory duties In order to ensure that there is adequate management and officer capacity to deliver the Council's priorities in the period 2019 – 2023, it is planned to: • Ensure that all priorities in the Priority Delivery Plans are resourced appropriately. • Ensure that health and safety compliance across all services is maintained as a priority. • Through a programme of service reviews, realign resources with corporate priorities where necessary. • Leadership Team to maintain an overview of the performance of the organisation through 'managing the business' indicators to identify any capacity issues earlier and take appropriate remedial actions. • Additional projects / requests many need to be refused or deferred until following financial year. • Succession planning to anticipate retirements especially at senior manager level. • Identification of additional resources for project management/back filling	Managing Director	Ongoing
Implications arising from EU Exit There is considerable uncertainty about the effect of Brexit on legislation as it affects the Council. The effects of Brexit on legislation and how it affects the Council will be monitored and appropriate action taken to ensure continuing compliance.	All Heads of Service	Ongoing

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
Effective management of Corporate Assets and compliance • Review of resources and capacity (Recruit Corporate Asset Manager and restructure roles in the Property Services Team) • Ensure robust systems in place to secure compliance across full range of building related risk • 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 • Regular briefings of Managing Director on progress against compliance agenda.	Head of Economic Prosperity and Corporate Assets Manager	Subject to appointment of Corporate Assets Manager April 2020
Economic Growth It will be necessary to balance the Council's economic growth aspirations and speculative investment: • Need to ensure Business Rates and Council Tax compliance; • Consider alternative funding sources; • Procurement of Cannock town centre development partner; • Management of gap funding; and • Development of an Economic Prosperity Strategy	Head of Finance / Head of Economic Prosperity	Ongoing

Signed:

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Chair of the Audit & Governance Committee   Date

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Leader of the Council Date

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Managing Director Date

on behalf of Cannock Chase District Council