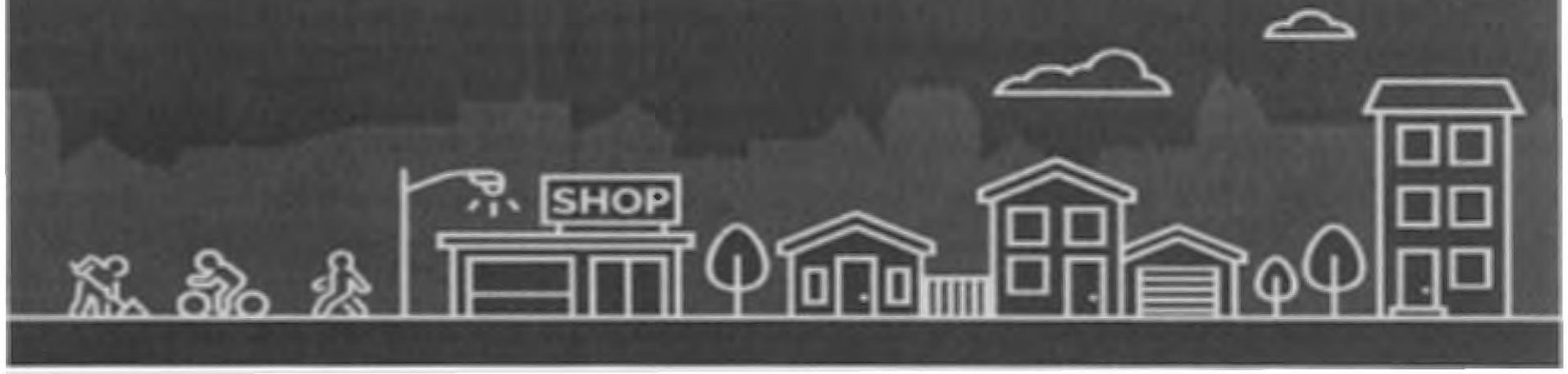
Staffordshire County Council

Staffordshire County Council

Annual Governance Statement 2018-2019



Contents

		Page No
1.	Scope of Responsibility	3
2.	What is Governance?	3
3.	What is the purpose of a Governance Framework?	3
4.	What is the Annual Governance Statement?	3
5.	What is a Governance Assurance Framework?	4
6.	What is the Council's Governance Assurance Framework?	5
7.	How has the Annual Governance Statement been prepared?	6
8.	How does the Council monitor and evaluate the effectiveness of its governance arrangements?	6
9.	What are the key elements of SCC's Governance Framework?	8
10.	Single Sheet Framework.	9
11.	What are the key roles of those responsible for developing and maintaining the Governance Framework?	10
12.	How has the Council addressed the governance improvement actions from 2017/18?	11
13.	What are the Key Governance Matters for 2018/19?	15
14.	Certification	16

1. Scope of Responsibility

We are responsible for carrying out our business in line with the law and proper accounting standards, and for using public money economically, efficiently and effectively, and accounting for it properly. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and an efficient and effective service.

To meet our responsibility, we have put in place proper arrangements for overseeing what we do (this is what we mean by governance). These arrangements are intended to make sure that we do the right things, in the right way, for the right people, in good time, and in a fair, open, honest and accountable way. We have approved and introduced a Code of Corporate Governance. You can get a copy of the code from our website at www.staffordshire.gov.uk.

This statement explains how we have followed the code and also meets the requirements of the Accounts and Audit Regulations 2015, Regulation 6(1) (a) and (b), which requires the Council to prepare and publish an Annual Governance Statement (AGS).

2. What is Governance

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- Leadership and management
- Performance and risk management
- Stewardship of public money; and
- Public engagement and outcomes for our citizens and service users.

3. What is the purpose of a Governance Framework?

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. 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 services and value for money. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It assures that in conducting its business, the Council:

- Operates in a lawful, open, inclusive and honest manner
- Makes sure that public money and assets are safeguarded from inappropriate use, or from loss and fraud, properly accounted for and used economically, efficiently and effectively
- Has effective arrangements for the management of risk
- Secures continuous improvement in the way that it operates
- Enables human, financial, environmental and other resources to be managed efficiently and effectively
- Properly maintains records and information
- Ensures its values and ethical standards are met.

4. What is the Annual Governance Statement?

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement, in order to report publicly on the extent to which we comply with our own Local Code of Corporate Governance, including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year.

In this document the Council:

- Acknowledges its responsibility for ensuring that there is a sound system of governance
- Summarizes the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment.
- Describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period
- Provides details of how the Council has responded to any issue(s) identified in last year's governance statement
- Reports on any key governance matters identified from this review and provides a commitment to addressing them.

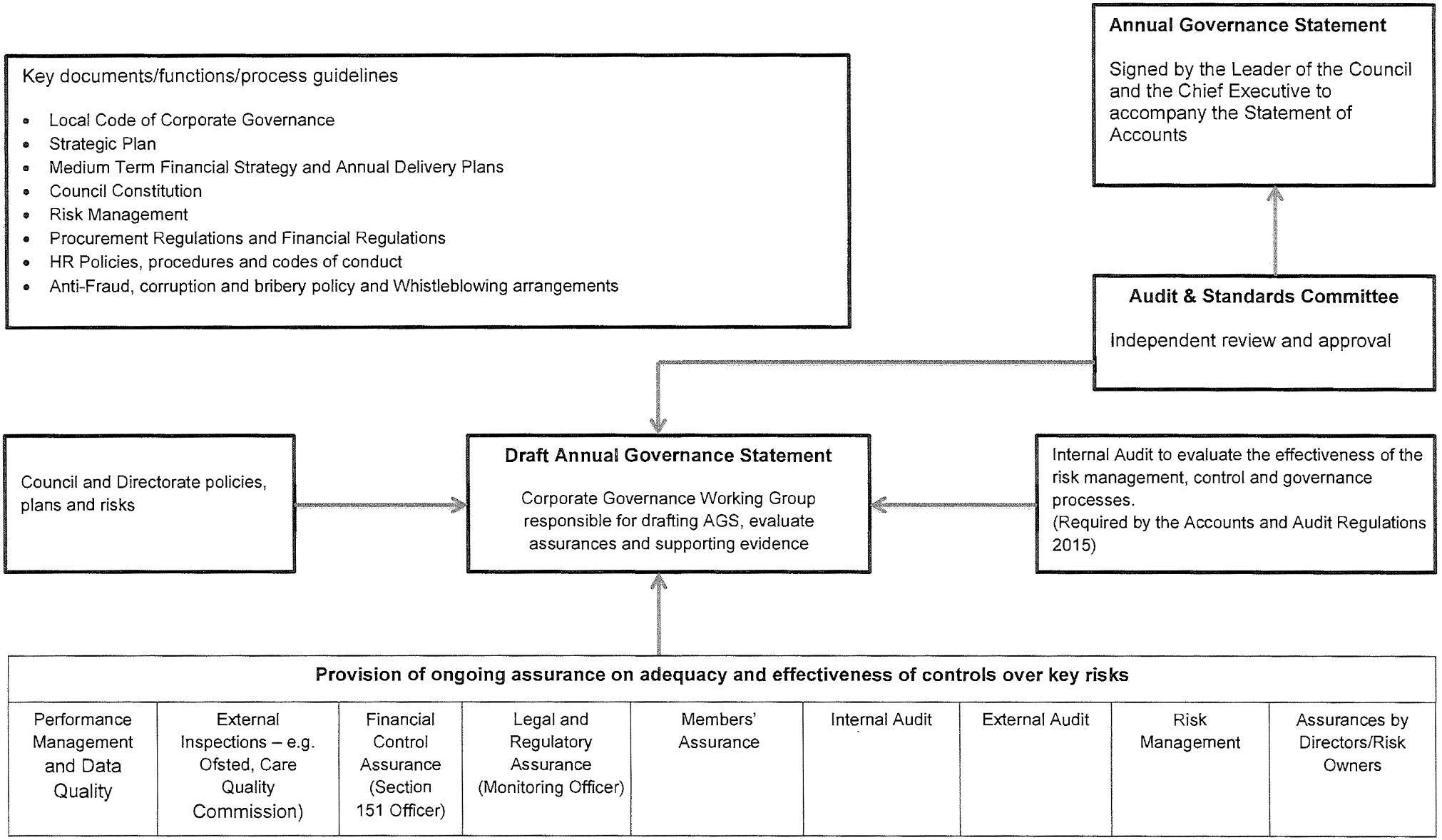
The Annual Governance Statement reports on the governance framework that has been in place at Staffordshire County Council for the year ended 31st March 2019 and up to the date of approval of the Statement of Accounts. It should be noted however that any system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. We have had the governance framework in place from 1 April 2018, and up to that date, we approved the Statement of Accounts.

5. What is a Governance Assurance Framework?

Assurance provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved. An assurance framework is the structure within which Members and Senior Management identify the principal risks to the Council meeting its key objectives and through which they map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. The assurance framework underpins the statements made within the Annual Governance Statement.

A governance assurance process is in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the Council. This includes Member overview and oversight and robust challenge by the Council's Statutory Officers i.e. the Chief Executive, Monitoring Officer and Chief Financial Officer.

6. What is the Council's Governance Assurance Framework?



7. How has the Annual Governance Statement been prepared?

In preparing the Annual Governance Statement the Council has:

- Reviewed the Council's existing governance arrangements against the revised CIPFA/SOLACE 'Delivering Good Governance in Local Government framework – 2016 Edition good practice guidance'
- Updated the Council's Local Code of Corporate Governance to reflect this guidance which includes the revised seven principles of good governance and associated required actions and behaviours taken by the Council that demonstrate good governance
- Assessed the effectiveness of the Council's governance arrangements against the revised Local Code of Corporate Governance.

Consideration of what constitutes a significant governance issue for consideration of inclusion within the statement. Although the CIPFA/SOLACE framework does not prescribe set criteria, best practice in this area has been published. Following approval by the Corporate Governance Working Group the following has been agreed as a guide to inform the completion of the 2018/19 statement:

- Does it undermine/threaten the achievement of organisational objectives?
- Is it a significant failure to meet the principles (and sub principles) of good governance?
- Is it an area of significant concern to an inspector, external audit or regulator?
- Has the Monitoring Officer, Section 151 Officer, Head of Internal Audit or the Audit Committee recommended that it be included?
- Is it an issue of public or stakeholder concern?
- Is it an issue that cuts across the organisation and requires cooperation to address it?

8. How does the Council monitor and evaluate the effectiveness of its governance arrangements?

The Council annually reviews the effectiveness of its governance arrangements including our system of internal control. Our review of how effective our systems and procedures are is supported by the work of the Corporate Governance Working Group and the Chief Internal Auditor's annual report. The review also includes comments made by the External Auditor's and other review agencies and inspectors.

This review found that we had all the necessary parts of the framework in place. The particular areas that have led to this conclusion are described in more detail below

- The annual review of the code of corporate governance has been carried out in line with the requirements of the CIPFA / SOLACE document entitled "Delivering Good Governance in Local Government: Framework 2016" , the Corporate Governance Working Group are confident that current documents and processes represent an effective governance framework.
- The review of actions aimed at improving our arrangements for corporate governance has confirmed that we have made good progress in addressing the key issues raised in the 2017/18 Annual Governance Statement. Where appropriate these have been carried forward into the 2018/19 statement.
- The Chief Internal Auditor's annual report 2018/19 which provides the independent assurance that key risks (financial and non-financial) are being adequately controlled and provides and opinion on the effectiveness of these arrangements. **Internal**

Audit gave an adequate assurance opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework, i.e. the control environment in 2018/19.

- An unqualified opinion from the External Auditor was issued on our final accounts for 2017/18. This means that our financial position was presented fairly and in line with all laws and regulations which apply. The Auditor did not find any significant weaknesses in our accounting and control systems during the 2017/18 audit, and there were no examples of unusual spending, fraud or misconduct, or poor standards of financial openness.
- Annual review of how effective our internal audit is. As reported to the Audit and Standards Committee as part of the Annual Outturn report, we have an effective system of internal audit in place, as measured against set conditions, which include:

  - How well we follow the new Public Sector Internal Audit Standards together with the Local Government Application Note;
  - Results of the External Quality Assessment performed by a representative of CIPFA has concluded Full Compliance with the Standards
  - Our main performance results;
  - Feedback from the Chief Finance Officer (County Treasurer).

- During 2018/19 the Monitoring Officer and the Chief Finance Officer did not have to use their official powers.
- We have effective processes in place. Our scrutiny arrangements provide for Select Committees, the responsibilities of which reflect our focus on key outcomes.
- We have a developing system of confirming that our controls are working via Corporate Directors. Where necessary, we implement appropriate action plans to strengthen our controls. The recommendations made within internal audit reports are implemented as agreed in order to strengthen the control environment.
- Our Children's Services maintained their 'Good' rating from Ofsted.
- Positive feedback was received from the Peer Challenge regarding our governance processes.
- A detailed joint action plan has been prepared in order to address the significant areas of weakness identified as part of the joint Ofsted and CQC inspection of the SEND service. The implementation of the action plan will be overseen by the Family Strategic Partnership Board. Consequently, as part of the final accounts process the External Auditor has signalled their intent to issue a qualified (except for) value for money conclusion for 2018/19.
- The Audit and Standards Committee received the Annual Report on the management of elected member related complaints. They endorsed the recommendation that members undergo unconscious bias training and that moving forward detailed members code of conduct reports are included on the agenda.
- The Local Government Social Care Ombudsman did uphold a complaint regarding the management of deprivation of liberty safeguards for deciding not to assess low and medium priority cases and taking too long to deal with urgent applications. A number of whistleblowing issues are being considered by the Monitoring Officer and will be reported to the Corporate Governance Working Group in due course.

9. What are the key elements of SCC's Governance Framework?

The Council aims to achieve good standards by adhering to the seven code principles below, which form the basis of the Council's Code of Corporate Governance.

Achieving the Intended Outcomes
While Acting in the Public Interest at all Times

The following page provides a summary of actions and behaviours undertaken by the Council in relation to each of the seven core principles and associated sub principles.

10. Single Sheet Framework

Governance Framework - Principles, Statutory Obligations and Organisational Objectives

A- Adherence to Ethical Values and Respecting the Rule of Law
B- Ensuring openness and comprehensive stakeholder engagement

Implementing Local Vision	Taking Effective Decisions	Working Together to achieve a common objective	Developing Members and Officers	Adherence to Ethical Values	Maintaining a Community Focus

Corporate Governance comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities

Key Documents/Annual Review/Production

- Annual Outturn Performance and Finance Reports
- Annual Information Governance Statement
- Corporate Information Security Policy
- Corporate Property Strategy
- Corporate Risk Register
- Delegations from/to Directors
- Business Plan
- Innovation & Efficiency Board
- ICT Strategy
- Medium Term Financial Strategy
- Members Allowances Scheme
- Prudential Code & Treasury Management Strategies
- Risk Management Policy Statement
- Statement of Accounts
- Strategic Plan
- Staffordshire Strategic Partnership Priorities

Key Documents Adhoc Review/Production

- Business Continuity Plans
- Change Management Framework
- Communications Strategy
- Community Engagement Framework
- Constitution
- Corporate Procurement Regulations
- Equality and Diversity Information
- Financial Regulations
- Health and Safety Policies
- Information Governance Framework
- Fraud, Bribery & Corruption Policy
- Internet Transparency Pages
- Member/Officer Relations
- Members' Code of Conduct
- Officer Employment Procedure Rules
- Officers' Code of Conduct
- Partnership Policy
- Performance Management Framework
- Record of Decisions
- Schemes of Delegation
- Whistle Blowing Policy

Contributory Processes/ Regularity Monitoring

- Annual Governance Statement
- Audit and Standards Committee
- Budgetary Accountability Statements
- Corporate Governance Working Group
- Corporate H&S Process
- Corporate Intranet
- Council Tax Leaflet / Information
- Customer Feedback Process
- County Treasurer
- Consultative Forums
- External Audit
- Finance Business Partners
- Go Training Platform
- H&S Champion
- Independent Remuneration Panel
- Inspectorate Reports
- Internal Audit
- Job descriptions
- Job evaluation process
- Law & Governance
- Member training
- Monitoring Officer
- MPC process
- Scrutiny Framework
- Staff Induction
- Schedule of Council Meetings
- Staff Surveys
- Staffordshire Web
- Organisational Development
- Safer Recruitment

11. What are the key roles of those responsible for developing and maintaining the Governance Framework?

The Council	• Approves the Strategic Plan • Approves the Constitution (including Procurement Regulations and Financial Regulations). • Approves key policies and budgetary framework
Cabinet	• The main decision-making body of the Council • Comprises nine Cabinet Members (including the Leader and Deputy Leader) and four Support Members who have responsibility for particular portfolios
Audit & Standards Committee	• Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control • Promotes high standards of member conduct • Approves the Annual Statement of Accounts and Annual Governance Statement
Scrutiny (Select) Committees	• There are four Select Committees aligned to the Council's corporate priorities • They hold Cabinet and Officers to account and scrutinise performance
Chief Executive & Senior Leadership Team	• Implements the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council in the development of future policy and budgetary issues • Oversees the implementation of council policy
Chief Financial Officer section 151)	• Accountability for developing and maintaining the Council's governance, risk and control framework • Contribute to the effective corporate management and governance of the Council
Monitoring Officer	• To report on contraventions or likely contraventions of any enhancement or rule of law. To report on any maladministration or injustice where the Local Government Ombudsman has carried out an investigation. To establish and maintain registers of member interests and gifts and hospitality. To advise Members on the interpretation of the Code of Conduct for Members and Co-opted Members • Overall responsibility for the maintenance and operation of the confidential reporting procedure for employees (whistleblowing) and contributes to the effective corporate management and governance of the Council
Internal Audit	• Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework • Delivers an annual programme of risk-based audit activity, including counter fraud and investigation activity • Makes recommendations for improvements in the management in risk
External Audit	• Audit/review and report on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding in the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion)
Managers **Employees**	• Responsible for developing, maintaining and implementing the Council's governance, risk and control framework • Contribute to the effective corporate management and governance of the Council • Personal Responsibility for their own actions and to ensure compliance with policies and procedures of the Council.

12. How has the Council addressed the governance improvement actions from 2017/18?

The Annual Governance Statement 2017/18 contained the following key actions. Details of the issue and how it has been addressed in 2018/19 are provided below:

Review Reference	Governance Issue	Target Date	Progress as at March 2019
Annual Governance Statement 1	Continue to work with our Partners to implement the Sustainability and Transformation Plan (STP) and Better Care Fund (BCF) to deliver greater integrated Care for the residents of Staffordshire.	Ongoing	SCC is an active partner in the STP. The BCF Plan is being implemented and we are making progress towards the target to reduce the delayed transfers of care.
Annual Governance Statement 2	To continue to undertake transformational change in order to address the significant financial pressures facing the Council whilst meeting statutory requirements.	Director of Finance & Resources	Ongoing - This is a key action within the MTF and is monitored by SLT including delivery of the major projects via the TSU. Risks relating to the delivery of planned savings is highlighted within the monthly performance reports to SLT/Cabinet?
Annual Governance Statement 3	To commence the transformation of Children's Services thorough the place based and community model to better manage demand within the Children's system.	Director of Families & Communities	Ongoing - Work is progressing in this area and is a key priority for core support resources to ensure the project is delivered.
Annual Governance Statement 4	To ensure that the Council has sufficient capacity and capability to deliver transformational change as well as securely delivering on business as usual processes against the backdrop of ensuring a balanced Medium Financial Strategy.	Chief Executive and Senior Leadership Team	Ongoing - We have designed a balanced MTFS across the coming 5 years, and, although it is challenging, it is deliverable. Part of the measures which will be implemented are reductions in the corporate centre of 25%, but this masks areas which will experience reductions of over 50% in order to protect other areas necessary for business continuity and transformation. As a result, we will have to choose the activities that we support more carefully than we did in the past, and we will

			have to accept that certain activities will be done less thoroughly than previously. The progress that we have made in Smart Working in the past 3 years not only assists us in better use of digital means and methods, and in reduced infrastructure, but most importantly, has increased the agility and confidence of our colleagues. We will therefore be relying on colleagues to lead their own change activities more than previously.
Annual Governance Statement 5	To fully explore the opportunities offered via the digital and community enablers to deliver transformational change across all services provided by the Council.	Chief Executive and Senior Leadership Team	Ongoing - Digital and People Helping People are 2 of the 4 enablers in our Corporate Strategy, underpinning the thinking, design, implementation and execution of new and existing activities and policies. Both enablers require a different approach to our thinking. Digital solutions will continue to be resident-focussed – aimed at allowing users to solve their problems and create solutions for themselves online, rather than automating the current analogue process. The challenge is of course that switching on the digital service is often technically difficult but politically easy, while turning off the analogue service, and making the financial savings and service transformation, is the other way around. People Helping People seeks to build on such ground-breaking initiatives as community-led libraries, forging a different relationship between the resident

			and the state, where we enable people to succeed rather than providing a service. It requires fortitude and patience, identifying key individuals, groups and communities and bringing them with us.
Annual Governance Statement 6	To develop a values led model of workforce engagement and development that ensures that the Council is able to meet the challenges, skills and cultural requirements needed as it continues to transform.	Chief Executive and Director of Strategy, Governance & Change	Complete A Peoples Strategy has now been published. This document sets out how the County Council will ensure that it is a great place to work with the right culture, support and skills to continue to make a difference for our Communities. The strategy has been developed in conjunction with the workforce.
Annual Governance Statement 7	To conclude the review and update of the various Schemes of Delegation operating within the County Council to ensure that they reflect the requirements of the County Council	Chief Executive and Director of Strategy, Governance & Change	Complete The Schemes of Delegation have been updated and included in the Constitution. Details have been published on the intranet.
Annual Governance Statement 8	Ongoing review and monitoring of Business Continuity arrangements, including those of our key partner providers to ensure that they are sufficiently resilient given the changing nature of potential risks in this area.	Director of Strategy, Governance & Change	Business continuity management remains a high priority on the Emergency Planning and Resilience agenda at SCC. Service areas are regularly reviewed to monitor criticality, and business continuity arrangements are revised and monitored accordingly on an annual basis. All critical areas are encouraged to consider alternate

			arrangements in the event of a failure of commissioned services, and work is ongoing within the Commercial Services team to promote the importance of business continuity and resilience in the procurement and commissioning process. A number of subject matter experts are engaged in planning for the UK's exit from the European Union, based on a worst-case scenario of a 'poor or no-deal exit'. Local and National Government advice is being utilised to inform planning and policy decisions, with SME's attending multi-agency risk working groups and strategic coordinating group meetings to increase preparedness. Given the ongoing level of monitoring in this area and regular reporting to those charged with Governance, the matter will be monitored as business as usual.
Annual Governance Statement 9	To fully implement all internal audit recommendations, included in those limited assurance reports, identified by internal audit as part of the suite of reviews on the replacement Financial and HR/Payroll systems (MyFinance and MyHR) as part of the 2017/18 plan, thereby strengthening the control environment in these areas.	Director of Finance & Resources	Significant progress has been made to implement the agreed actions. Over sight of progress has been provided through the MyFinance and MyHR Change Board which meets on a monthly basis. Any non-adherence to the timescale for implementing High level recommendations would be reported to the Audit & Standards Committee.

13. What are the Key Governance Matters for 2018/19?

The review of the effectiveness of the Council's governance framework (as detailed in the attached Annex) has identified the following actions that will need to be addressed during 2019/20.

Review Reference	Governance Matters identified and action to be taken	Target Date	Lead Officer
AGS 1	To continue to work with the various NHS bodies as part of the Sustainability and Transformation Plan in order to improve the health and care provision within Staffordshire.	Ongoing	Director of Health and Care
AGS 2	A detailed action plan has been prepared in order to address the significant areas of weakness identified as part of the joint Ofsted and CQC inspection of the SEND service. Appropriate governance arrangements will be implemented via the Family Strategic Partnership Board to ensure appropriate action is taken to implement the recommendations made to address the concerns raised by the review.	March 2020	Director of Families and Communities
AGS 3	To continue to undertake transformational change in order to address the significant financial pressures facing the Council, whilst meeting statutory requirements.	Ongoing	Director of Corporate Services and County Treasurer
AGS 4	To complete the transformation of Children's Services through the place based and community model to better manage demand within the Children's system.	March 2020	Director of Families and Communities
AGS 5	To ensure that the Council has sufficient capacity and capability to deliver transformational change as well as securely delivering on business as usual processes against the backdrop of ensuring a balanced Medium-Term Financial Strategy.	Ongoing	Chief Executive and Senior Leadership Team
AGS 6	To ensure that we have a digital road map and necessary infrastructure in place to fully explore and exploit the opportunities offered via the digital and community enablers to deliver transformational change across all services provided by the Council.	Ongoing	Chief Executive and Director of Corporate Services
AGS 7	To be vigilant against the potential failure of key providers/suppliers and to ensure that suitable business continuity arrangements are in place should such an event occur.	Ongoing	Chief Executive and Senior Leadership Team.

AGS 8	Nationally there has been a delay in the publication of the Better Care Fund (BCF) planning requirements which has impacted on all Health & Wellbeing Board areas. As a result, there is a potential emerging risk regarding BCF monies received in respect of delayed transfer of care funding via the CCG's. The situation will be closely monitored to ensure that action is taken as appropriate in order to mitigate any loss of funding.	Ongoing	Director of Corporate Services & County Treasurer
AGS 9	To be alert to the possibility of unforeseen contraventions of governance arrangements and situations where weaknesses in governance arrangements are exposed by isolated events.	Ongoing	Chief Executive and Senior Leadership Team
AGS 10	To ensure that action continues to actively manage the threat of cyber related attacks to the County Council.	Ongoing	Director of Corporate Services

14. Certification

To the best of our knowledge, the governance arrangements, as defined above and within the Council's Code of Corporate Governance, have been effectively operating during the year with the exception of those areas outlined at paragraph 13. Over the next year we will be taking steps to tackle the issues listed above, so we can further improve our governance arrangements. We are satisfied that these steps will bring about the improvements that we identified in our review of effectiveness, and we will monitor these improvements as part of our next annual review.

Signed: _____ Signed: _____

Philip Atkins
Leader of Staffordshire County Council

Date: 12 August 2019

John Henderson
Chief Executive of Staffordshire County Council

Date: 1 August 2019