

ANNUAL GOVERNANCE STATEMENT 2021/2022

1. SCOPE OF RESPONSIBILITY

East Staffordshire Borough Council (ESBC) 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. ESBC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, ESBC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions which includes arrangements for the management of risk.

ESBC 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. A copy of the code can be found on our website, or can be obtained from the Corporate and Commercial Team. The statement explains how ESBC has complied with the code, and also meets the requirements of The Accounts and Audit Regulations 2015, regulation 6(1)(b), which requires all relevant bodies to prepare an annual governance statement.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the 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.

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 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 ESBC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at ESBC for the year ended 31st March 2022 and up to the date of approval of the annual report and statement of accounts.

3. THE GOVERNANCE FRAMEWORK

ESBC operates a number of systems and processes that comprise the authority's governance arrangements including:

- The clear statement of corporate objectives in the Corporate Plan and Service Plans, with the monitoring of achievement of corporate objectives via quarterly monitoring at the Corporate Management Team, Cabinet and Scrutiny. The Corporate Plan, and Service Plans, are reviewed annually. Communication with respect to the Corporate Plan is carried out with key stakeholders externally and through internal communications. Service Plans are communicated through internal communications and via the employee appraisal process;
- The effective facilitation and operation of policies and decision-making processes including Cabinet and Scrutiny Committees, the Council's Constitution and delegated decision making powers. The Constitution sets out how the Council operates and the procedures which are followed to enable transparent and accountable decisions to be made by the Cabinet. Scrutiny Committees provide the opportunity for independent Member review of Cabinet decisions and Council services and meetings are open to the public except where confidential matters are being disclosed. In addition, delegated decision making authority is given to senior officers in certain circumstances outlined in the Council's Constitution. The Council publishes a Forward Plan containing details of future key decisions to be made by the Council;
- The operation of the statutory officer roles of Head of Paid Service (Chief Executive), Chief Financial Officer and Monitoring Officer, having specific responsibility for ensuring compliance with established policies, procedures, laws and regulations. The Monitoring Officer has the authority to report to Council if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration, thereby stopping the proposal or decision being implemented until the report has been considered;
- The statutory officers have the statutory duty to report to all the local authority's Elected Members if there is or is likely to be unlawful expenditure or an unbalanced budget set;
- The Council's procedure rules, and scheme of delegation are contained within the authority's Constitution. The constitution is reviewed on a regular and ongoing basis, with recommendations regarding changes and improvements being made to full Council;
- Effective financial management of the Council is conducted in accordance with Financial Regulations as Appended to Part 4 of the Constitution and appropriate professional standards, under the responsibility of the Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. This includes comprehensive budget setting processes and budgetary control systems, clearly defined capital expenditure guidelines and regular reporting mechanisms to Services and Members including quarterly and annual financial reports that indicate financial performance against forecasts. The Council has introduced a reporting mechanism to demonstrate the relationship between financial and operational performance. The Council has in place an annually updated financial plan in line with Central Government's funding policy and aligned with the authority's Corporate Plan;

- The Council maintains an Internal Audit Service, which operates to the Public Sector Internal Audit Standards;
- The Council has a formally constituted Audit Committee, the Scrutiny (Audit & Value for Money Council Services) Committee, which is responsible for providing independent assurance on the adequacy and effectiveness of the authority's control environment;
- The Council has positions for two independent members to reside on the Scrutiny (Audit & Value For Money Council Services) Committee;
- The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter;
- There is a robust risk management approach which is considered and overseen by the Scrutiny (Audit & Value for Money Council Services) Committee. The policy enables the Council to identify, and take appropriate action to mitigate against or eradicate significant risks to the Council's objectives in line with the requirements of the Council's Risk Management Strategy. This approach is continually being developed, maintained and embedded through the proactive participation of all services, which strengthens the links between risk management and audit;
- Corporate review of services, processes and procedures to ensure the economical, effective and efficient use of resources, combined with target setting and monitoring via a performance management framework designed to secure continuous improvement in the way in which its services are delivered;
- Services are delivered by suitably trained and experienced staff, all posts having detailed job descriptions and person specifications while training and development needs are identified through a staff appraisal scheme which ensures that objectives and targets are clear and agreed;
- The adoption and use of PRINCE2 methodology to ensure the effective and ultimately successful management of projects. This, combined with the regular meeting of the Business Assurance Group (BAG), enables the Council to proactively monitor and appraise appropriate projects;
- A comprehensive performance management and benchmarking framework including regular reporting to senior officers and Members through to Cabinet;
- An effective approach to engaging with local people and other stakeholders through partnership arrangements, electronic channels such as the website, e-mail, e-newsletters and social media, and through stakeholder engagement forums such as those undertaken for the Uttoxeter Master Plan and the Stronger Towns Fund. We also commissioned a 'Place Narrative' for marketing the local area for inward investment.

- A customer feedback scheme for the public to make complaints, comments, compliments and constructive criticism about any aspect of the Council's services, which is used to improve services;
- The Council's whistle-blowing policy enables the authority to receive and investigate alleged incidences of malpractice or illegal activities. The policy is reviewed and updated on a regular basis, and allows for staff, members, partners, public and other stakeholders the opportunity to report such instances of malpractice or illegal activity. The policy is widely publicised, and is effectively communicated to the aforementioned stakeholders;
- Appropriate governance arrangements are put in place for each of the partnerships the authority is involved with and relevant partnerships are reviewed;
- Developing the capacity and capability of Members in order to improve and become more effective, and also ensure that officers (including statutory officers) have the capability and capacity to deliver efficiency; and
- The authority's financial management arrangements conform to the governance requirements of the CIPFA statement on The Role of The Chief Financial Officer in Local Government. By doing so, the Authority is able to demonstrate that the core principles are adhered to and achieved.

4. REVIEW OF EFFECTIVENESS

ESBC has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

In practice, this review of the effectiveness of the system of internal control is an ongoing process incorporating the various elements described above. This review has carried out throughout 2021/22 and encompassed the following:

- The ongoing review of existing corporate policies and production and approval of new or revised policies and procedures in accordance with best practice. This included a refreshed Treasury Management and Annual Investment Strategy, which was reviewed to ensure there was no direct exposure to Russia from our investments, an updated Medium Term Financial Strategy, a new Communications, Engagement and Consultation Strategy, a review of the Council's Emergency and Business Continuity Planning approach.
- The Council undertook a Local Government Association Corporate Peer Challenge in December 2021. The feedback report provided a mainly positive review and the Council is responding to recommendations suggested within the report.

- The ongoing review of the Council's Constitution by Members and Senior Officers of the Council;
- The continued operation of clear policy and decision making through Cabinet and Regulatory Committees and review and challenge through Scrutiny Committees;
- The Scrutiny (Audit & Value For Money Council Services) Committee; and the Scrutiny (Community Regeneration, Environment and Health & Well-being) Committee completed reviews into Leisure Centre Chares, Waste Management Services (both committees) GP access , the impact of Covid-19 on health in East Staffordshire and how local communities were engaged and supported during the Covid-19 pandemic. A number of reviews were initiated which include the Mayoralty Function, Disability Grants and a review of the Council's, ICT infrastructure.
- The Scrutiny (Community Regeneration, Environment and Health & Well-being) Committee also continued to hold regular engagement with the CCG regarding health related services and also received a number of short briefings provided by both external and internal stakeholders, including housing developments and access to GP and the impact of HS2 on the borough.
- Formal reporting mechanisms to members to review and monitor the work of the Internal Audit Service through reports to the Scrutiny (Audit & Value For Money Council Services) Committee, including an annual report containing an opinion statement on the overall adequacy and effectiveness of the Council's internal control environment;
- The development of the authority's chosen internal audit supplier, CW Audit, and implementing advice and guidance;
- The Scrutiny (Audit & Value For Money Council Services) Committee also, as part of its terms of reference, approves and/or recommends changes to the Annual Governance Statement, and reviews its content and effectiveness on an annual basis;
- The Scrutiny (Audit & Value For Money Council Services) Committee has received training and briefing sessions to support with its effectiveness;
- The Standards Committee is responsible for the Council's ethical framework, and works closely with the Monitoring Officer. Issues covered by the Committee's terms of reference include member conduct and ethical standards;
- There have been quarterly formal reports being considered by Cabinet which focus on both Corporate Plan and Financial Performance;
- The Scrutiny (Audit & Value for Money Council Services) Committee received and reviewed the quarterly financial performance reports which cover the revenue budget, capital programme, treasury management and risk management;

- The Scrutiny (Audit & Value for Money Council Services) Committee and the Scrutiny (Community Regeneration, Environment and Health & Well-being) Committee received and reviewed quarterly corporate plan performance reports as well as reviewing all Executive Decision Records that have been taken by the Council's Cabinet Members;
- A comprehensive review of the Council's Committee structures was undertaken during the year and concluded that from May 2022 the Scrutiny (Audit & Value For Money Council Services) Committee; and the Scrutiny (Community Regeneration, Environment and Health & Well-being) Committee were to be concluded and replaced with the following committees:
 - Audit Committee
 - Scrutiny (Value for Money Services) Committee
 - Scrutiny (Community Regeneration Committee
 - Scrutiny (Environment and Health and Wellbeing) Committee

This reflected the views of the Centre for Governance and Scrutiny which supported the CIPFA recommendation that the functions of the audit committee and scrutiny committees should not be combined into a single committee.

Other changes to the regulatory committees were also approved.

- The Leisure Operating Contract (LOC) states that a Partnership Board shall be maintained throughout the Contract Period, consisting of five representatives of the Authority comprising the Leader of the Council, Deputy Leader (Leisure, Amenities & Tourism), Chief Executive, Head of Service and Corporate & Commercial Manager on behalf of the Council and the Regional Director, Area Manager and Contract Manager on behalf of the Operator. This is chaired by the Deputy Leader (Leisure, Amenities & Tourism) and supports the partners to work cooperatively with each other to discharge their respective responsibilities under the LOC and to provide strategic direction for the provision of the services and the operation of the Facilities.
 - Regarding the Council's leisure services, a significant outsourced contract, the delivery of this partnership has continued to be managed closely on an ongoing basis and detailed performance reports presented quarterly to senior officers and elected Members, including the Scrutiny (Audit & Value for Money Council Services) Committee.
 - The Council and its leisure operating partner have continued to work closely to manage the impact of COVID-19 on the facilities, the service and the contract, agreeing appropriate interim arrangements for support utilising appropriate government funding to minimise the impacts of the ongoing restrictions on leisure provision.
- The Council's ICT infrastructure and security arrangements remain robust and the ICT infrastructure remains patched and up to date to current standards, verified and backed up by regular vulnerability scanning and external penetration testing

- In March 2022 the Council submitted the required project documentation to the Department for Levelling Up, Housing and Communities as required by the Heads of Terms for four projects contained within the original Burton upon Trent Town Investment Plan (December 2020).
 - Prior to submission business cases were assessed using a Green Book compliant template based on the “five case model” (Strategic Case; Economic Case; Financial Case; Commercial Case and Management Case) All Business Cases and associated information were reviewed by a team of officers including the Corporate and Commercial Manager, a member of the Programmes and Transformation Team and the Head of Service / Section 151 Officer.
 - A report on the Towns Fund Programme was submitted to the Scrutiny (Audit and Value for Money Council) Committee on 9th February 2022 for the Committee to review the programme and provide observations to Cabinet;
 - This resulted in a report being submitted to Cabinet on 14th February 2022 where the business cases and programme were reviewed along with the observations of the Scrutiny Committee.
 - A report on the Towns Fund Programme was submitted to Council on 14th February 2022 at which the vote to agree the substantive motion was defeated and as such the programme was amended and a revised report was submitted to Council on 21 March 2022 which was approved for submission to Government.

- Internal Audit’s review of services and functions based on a risk assessed audit plan, in order to provide an independent opinion on the adequacy and effectiveness of the system of internal control.

- Internal Audit’s presence and participation on appropriate Council projects in order to provide additional assurance;

- There are regular review meetings that are held with external auditors and the Council’s Chief Finance Officer and Chief Accountant;

- There are regular meetings that are held between the Head of Internal Audit and the Chief Accountant;

- The Council’s Project Management approach has been routinely improved during the year and Officers undertook ‘Green Book Business Case Training’ provided by CIPFA.

- There are regular meetings between the Council’s three statutory officers to discuss risk and governance;

- The Council approved its Medium term Financial Strategy for 2022/23 to 2024/25 in March 2022. This highlights some significant risks and uncertainties including the ongoing impact of the Covid-19 Pandemic and the economy, future local government finance reforms, the business rates retention scheme and ongoing increase in supported housing claims. Nevertheless, the Council

has set out a strategy which balances the budget for the three year period but at the same time acknowledges that ongoing savings will be needed in the medium term in order to maintain financially sustainable. The Council has a robust underlying financial position which provides a strong foundation of financial resilience during these unprecedented times;

- We had anticipated carrying out a review of the Financial Management Code during 2021/22 however, due to resource constraints within the latter part of 2021/22 we were unable to complete the review and a more detailed evaluation will be undertaken during the course of 2022/23.

5. CONTINUED IMPACT OF COVID-19

- The Covid-19 Pandemic has continued to have a considerable impact on the Council, its residents and businesses.
- Only a small number of Council's services were suspended for periods during the year, in line with national guidance, and administrative staff have continued to work with a mixture of remote-working from home or based at the Burton Town Hall. The Council has been proactive and continued to respond well to the evolving situation, with key features of our activity outlined below:
 - The "virtual" decision making process has continued to operate throughout the year with an electronic sign-off process for delegated Executive Decision Records. The Council continues to operate all its meetings using a mix of in-person, virtual and hybrid interaction as appropriate. Formal committee meetings are being safely conducted at the Town Hall, with measures put in place to socially distance attendees and expand the public viewing capacity when necessary. Initial scoping has been undertaken for the broadcasting of public meetings moving forward.
 - Elected Members continue to be updated on at least a weekly basis through the Member Briefing which is emailed out to all Councillors. Staff have also been updated on at least a weekly basis through the Staff Briefing which is communicated to all staff.
 - Continued to liaise with key contractors, such as our Leisure Operator, to provide support and help facilitate recovery from associated impacts.
 - Continued to work in collaboration with partners as part of the Staffordshire Resilience Forum (SRF). This consists of multiple agencies who have worked together to co-ordinate responses as the circumstances evolved throughout the Pandemic. Local testing stations have been identified, case numbers have been subject to regular reviews and hot spot areas targeted, and support has been provided for the communication campaigns in relation to the vaccination roll out.
 - The Council's recovery from the Covid-19 pandemic has continued to be the subject of a detailed report which is presented regularly to the Corporate Management Team, Leader and Deputy Leader Meetings, political party group meetings and Cabinet. This report explores on an ongoing basis the

activities and opportunities for recovery within the themes of: Local Economy and Business; Infrastructure and the Environment; Physical and Psychological Health of the Community; and Embedding New Best Practice and Supporting Communities to Adapt to New Norms of Behaviour. A wide range of activities have been carried out throughout the year, supporting the Borough and its residents in their recovery from the pandemic contributing to these four themes.

- The Council’s Environmental Health Team have provided targeted support with partners to ensure compliance with COVID-19 safety measures and to support the investigation of any outbreaks identified. The team has proactively visited businesses to provide focussed advice and guidance on COVID controls, and worked to ensure that any additional legal requirements, such as the requirement to wear face coverings were being implemented. Officers have also worked closely with the Test and Trace service to ensure that communications reach anyone that needed to self-isolate but cannot be reached by telephone.
- During the year the Council has administered a significant number of Covid-19 related business grant schemes which totalled approx. £11.4m, allocated Household Support Fund payments of £0.2m to 911 Council Tax payers’ accounts and Test and Trace Support payments totalling £0.9m to eligible residents having to self-isolate following a positive Covid test.

6. SIGNIFICANT GOVERNANCE ISSUES

During the 2021/22 financial year no significant governance issues arose.

However, the challenges brought on by the COVID19 pandemic which were effectively managed throughout 2021/22 along with and the existing and emerging economic situation will continue to be closely monitored and any associated impacts will be responded to appropriately.

We will respond to the recommendations contained within the LGA Corporate Peer Challenge and we will continue to monitor our compliance against the FM Code and take any action necessary.

We propose that we continue to maintain the level of governance at the authority, whilst striving to improve wherever we can.

Signed:

Leading Member on behalf of East Staffordshire Borough Council

Signed:

Chief Executive on behalf of East Staffordshire Borough Council