

## STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT 2023-24

### SCOPE OF RESPONSIBILITY

Staffordshire Moorlands District 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. Staffordshire Moorlands District Council also has a duty under the Local Government Act 1999 to plan 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, Staffordshire Moorlands District 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.

Staffordshire Moorlands District 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*. A copy of the code is on our website at [www.staffsmoorlands.gov.uk](http://www.staffsmoorlands.gov.uk) or can be obtained from the Executive Director & Monitoring Officer. This statement explains how Staffordshire Moorlands District Council has complied with the code and meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which requires all relevant authorities to prepare an annual governance statement.

### THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture, and values by which the Council is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. 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 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 Staffordshire Moorlands District 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.

The governance framework has been in place at Staffordshire Moorlands District Council for the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

### THE GOVERNANCE FRAMEWORK

Staffordshire Moorlands District Council has adopted a Local Code of Corporate Governance in accordance with the core principles of good governance outlined within the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*.

There are seven core principles of good governance identified in the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016* as follows:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimize the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Further detail of how Staffordshire Moorland District Council's governance framework supports the achievement of these core principles, and their related sub-principles, is outlined in the Council's Code of Corporate Governance.

Where significant governance issues are identified they are clearly highlighted in this statement, together with actions that are taken during the year and future actions proposed to minimise the risks to the Council. Progress in addressing significant governance issues identified and their required actions are monitored by the Corporate Governance Management Group during the following financial year and reported to the Audit & Accounts Committee.

## REVIEW OF EFFECTIVENESS

Staffordshire Moorlands District 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 informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and 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 ongoing throughout the year and includes:

- **The authority;**
  - The ongoing review of the Council's Constitution by Members and Senior Officers of the Council via the Constitution Review Working Party.
  - The ongoing review of existing corporate policies and production and approval of new or revised policies and procedures in accordance with best practice.
  - The Annual Governance Statement process incorporates a review of the local Code of Corporate Governance against CIPFA/SOLACE best practice to ensure that the Council's approach to corporate governance is both adequate and effective in practice.
- **the executive;**
  - The continued operation of clear policy and decision making through the Cabinet and Regulatory Committees.
- **the audit committee/overview and scrutiny committees/risk management committee;**
  - The Audit & Accounts Committee's composition and terms of reference are based upon CIPFA guidance and include reviewing the work of the Internal Audit service and any implications arising from its findings and opinion on the adequacy of internal controls and the adequacy of policies and practices to ensure compliance with statutory and other guidance.

The Committee is also responsible for overseeing production of the Council's Annual Governance Statement, and to review and recommend/approve its adoption as necessary.

- Formal reporting mechanisms to members to review and monitor the work of the Internal Audit Service through quarterly reports to Audit & Accounts Committee, including an annual report to Audit & Accounts Committee containing an opinion statement on the overall adequacy and effectiveness of the Council's internal control environment. For 2023/24, Internal Audit can provide reasonable assurance that the Council's governance arrangements, including risk management and systems of internal control, were operating adequately and effectively.
- The continued development and embedding of a risk management culture within the Council driven by the corporate Risk Management Group including reviewing the Council's risk register and associated action plans and ensuring that appropriate management action is taken to minimise / eliminate risk. Risk Management updates are reported to the Audit & Accounts Committee and the Risk Management Strategy is reviewed biennially.
- The Overview and Scrutiny Committees review decisions made by Cabinet and areas of concern and fulfil a policy development role. Members can "call-in" a decision that has been made by the Cabinet when it considers the decision to not be in accordance with the Council's Constitution.

▪ **the standards committee;**

- The Committee is responsible for the ethical framework of the Council, working closely with the monitoring officer. The terms of reference include advising members on conduct issues and ensuring the promotion and maintenance of the highest standards of conduct by elected and co-opted members of the Council.

▪ **chief financial officer;**

- The Chief Financial Officer is a key member of the "Alliance Leadership Team" (ALT) and "Alliance Management Team" (AMT), which are the most senior officer bodies charged with the leadership of the Council. That role includes helping to develop and implement strategies to resource and deliver the Council's strategic objectives sustainably and in the public interest.
- The Chief Financial Officer is involved in and able to bring influence to bear on all material business decisions to ensure the immediate and longer-term implications, opportunities and risks are considered, and alignment with the Council's overall financial strategy achieved.
- Staffordshire Moorlands District Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- The Council, along with Alliance partner High Peak Borough Council, has established a joint venture partnership with Ansa - a subsidiary of Cheshire East Council - to deliver waste collection, street cleaning, grounds maintenance and fleet management services. The collaborative arrangement has been assessed to be a joint operation and therefore is consolidated into the single entity financial statements of Staffordshire Moorlands District Council.
- The Council, along with Alliance partner High Peak Borough Council, has established a joint venture partnership with Norse - a subsidiary of Norfolk County Council - to deliver capital projects and facilities management services. The collaborative arrangement has been assessed to be a joint operation and therefore is consolidated into the single entity financial statements of Staffordshire Moorlands District Council.

- **internal audit;**

- Internal Audit reviews 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. Audit reports detailing the findings of each review are issued to Heads of Service, the Executive Director & Chief Financial Officer and, where appropriate, the Executive Director & Monitoring Officer and Chief Executive.
- Audit recommendations for improvements require management agreement, and implementation is monitored and escalated in accordance with formally agreed escalation procedures. Regular updates on audit recommendation agreement and implementation are reported to the Audit & Accounts Committee.
- The Council's internal audit arrangements conform to the requirements of the CIPFA Statement of the Role of the Head of Internal Audit. Internal Audit operates in accordance with the Public Sector Internal Audit Standards. The service is subject to regular review by the Council's External Auditors. An annual review of the effectiveness of the system of internal audit is also undertaken and an independent external quality assessment concluded that the internal audit service is delivering to a standard that generally conforms with the Public Sector Internal Audit Standards with the service demonstrating a high standard of delivery within its peer group.

- **other explicit review/assurance mechanisms;**

- The Council operates a performance framework which is aligned to the Council's four key aims and measures performance against indicators and actions that are focused on the delivery of corporate objectives.
- The Executive Director & Chief Financial Officer produces quarterly and annual financial reports which indicate financial performance against forecasts.
- Directors and Heads of Service complete and sign annual Manager's Assurance Statements confirming their arrangements for ensuring data quality and the existence, operation, and effectiveness of controls within the service areas for which they are responsible.
- External review of the Council's internal control environment by the external auditors, Grant Thornton, including a review of internal audit's work.
- The FM Code has been introduced by CIPFA in recognition of the exceptional financial circumstances faced by local authorities, which were further tested by the implications of the coronavirus pandemic. The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. An initial high-level review against the principles of the FM Code has been undertaken and this indicates that the Council is generally complying with the overall principles of the CIPFA Financial Management code, with only moderate improvements likely to be required within some specific areas of focus. A full self-assessment of the Council's current processes, procedures and governance arrangements will be undertaken to understand compliance against the FM Code. This full assessment will be led by the Executive Director & Chief Financial Officer in liaison with the Alliance Leadership Team. This will be reported to the Audit & Accounts Committee during 2024/25.
- The Council declared a climate emergency in 2019, making a commitment towards the Staffordshire Moorlands being carbon neutral by 2030. This is a key driver of all our decision-making, governance, risk management, and reporting. The Council has a senior manager

with responsibility for this agenda and has tasked all Council Bodies and Scrutiny Panels to consider climate change and the environment when making decisions and reviewing policies and strategies.

- In January 2022, the Council was the subject of a Local Government Association Peer Challenge Review which concluded that ‘there is sound financial management and attention is paid to maintaining good governance and managing risk.’ A full follow up review in February 2024 concluded that ‘the Alliance is impressive and continues to be effective’. This high-level conclusion from the review provides independent assurance of the effectiveness of the governance and risk environment.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit & Accounts Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

## OPINION

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. No review can provide absolute assurance; this statement is intended to provide reasonable assurance that there is an ongoing process for reviewing the governance framework and its operation in practice.

Whilst the governance framework is considered to be adequate, any issues deemed to be significant that need to be addressed to further enhance the Council’s governance arrangements are outlined below with the actions to be taken.

## SIGNIFICANT GOVERNANCE ISSUES

During the 2023/24 financial year one significant governance issue has been identified. This is detailed in the table below together with the actions that are being taken to address it:

Governance Issue	Action taken during 2023/24	Continuing Action
There was a change in the operating model for the Council’s capital projects and facilities management services in 2022.	<ul style="list-style-type: none"> <li>• Alliance Norse Ltd operated across the 2023/24 year with a Commissioning Board overseeing the company’s delivery of its services.</li> </ul>	<ul style="list-style-type: none"> <li>• This arrangement is still relatively early in its development with only one full financial year of operation so is still subject to scrutiny to ensure it delivers on the Council’s requirements and offers value for money.</li> </ul>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

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Councillor M Gledhill  
Leader

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Date

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Andrew P Stokes BA (Hons) MBA CPFA MCIH CIMSPA  
Chief Executive

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Date

on behalf of Staffordshire Moorlands District Council

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