

# Public Document Pack

Your ref  
Our ref  
Ask for Wendy Johnson  
Email [wendy.johnson@lichfielddc.gov.uk](mailto:wendy.johnson@lichfielddc.gov.uk)



District Council House, Frog Lane  
Lichfield, Staffordshire WS136YU

Customer Services 01543 308000  
Direct Line 01543 308075

12 April 2019

Dear Sir/Madam

## AUDIT AND MEMBER STANDARDS COMMITTEE

A meeting of the Audit and Member Standards Committee has been arranged to take place on **WEDNESDAY, 24TH APRIL, 2019 at 6.00 PM IN THE COUNCIL CHAMBER**, District Council House, Lichfield to consider the following business.

Access to the Council Chamber is via the Members' Entrance.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Neil Turner'.

Neil Turner BSc (Hons) MSc  
**Director of Transformation & Resources**

**To: Members of Audit and Member Standards Committee**

Councillors Tittley (Chairman), Houlton (Vice-Chair), Mrs Boyle, Marshall, Rayner, Strachan, Mrs Tranter and Mrs Woodward



[www.lichfielddc.gov.uk](http://www.lichfielddc.gov.uk)



[/lichfielddc](https://www.facebook.com/lichfielddc)



[lichfield\\_dc](https://twitter.com/lichfield_dc)



MyStaffs App

## AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Minutes of the Previous Meeting 3 - 6
4. **Annual Governance Statement** 7 - 34  
(Report of the Head of Finance & Procurement – Anthony Thomas)
5. Work Programme 35 - 36
6. **Exclusion of Public and Press**

**RESOLVED:** “That, as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business, which would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972”

### IN PRIVATE

7. Confidential Minutes of the Previous Meeting 37 - 38



## **AUDIT AND MEMBER STANDARDS COMMITTEE**

**27 MARCH 2019**

### **PRESENT:**

Councillors Tittley (Chairman), Hoult (Vice-Chair), Mrs Boyle, Marshall, Rayner, Strachan, Mrs Tranter and Mrs Woodward

Observer: Councillor Spruce (Cabinet Member of Finance & Democratic Services)

Officers In Attendance: Mrs J Irving, Miss W Johnson, Ms B Nahal, Mrs A Struthers, Mr A Thomas, Ms C Tims and Mr N Turner

Also Present: Ms Laurelin Griffiths (Grant Thornton UK LLP) (External Auditors) and Mr Phil W Jones (Grant Thornton UK LLP)

### **36 APOLOGIES FOR ABSENCE**

No apologies were received.

### **37 DECLARATIONS OF INTEREST**

There were no Declarations of Interests.

### **38 MINUTES OF THE PREVIOUS MEETING**

The Minutes of the Meeting held on 6 February 2019, as printed and previously circulated, were taken as read and approved as a correct record.

### **39 REVIEW OF ACCOUNTING POLICIES**

Mr Thomas presented the proposed Accounting Policies for the 2018/19 Statement of Accounts and explained that best practice recommends that this be used to prepare the Council's Statement of Accounts if approved by the Audit & Member Standards Committee. The changes had been highlighted throughout the report for ease of reference and Mr Thomas did a Presentation which covered Local Authority Accounts, Accounting Policies, Potential changes in Accounting Policies for 2018/19, Financial Instruments at 31 March 2018, International Financial Reporting Standard (IFRS) 9 Financial Instruments and Classifications and likely Financial Instrument Classifications at 31 March 2019.

Mr Thomas explained that we had assessed the scope and the Council's income and believed that Standard IFRS15 did not apply to Lichfield District Council, implementation of IFRS16 related to Leases had been delayed for implementation by CIPFA until 1 April 2020 and only Standard IFRS9 applied for Financial Instruments applies for 2018/19. Mr Thomas explained that the main change contained within this Standard is the introduction of a forward looking expected credit loss (ECL) model for financial assets such as investments and relevant debtors that replaces the old incurred loss model which impacts on two accounting policies – Financial Instruments and Fair Value Measurement which Mr Thomas went on to explain as it had been described as more user-friendly but still complex. In IFRS you can make a choice through an election to manage changes through the balance sheet and Arlingclose view is that the election is only suitable for strategic funds and company shares held for the long term and that shares and units in pooled funds are equity instruments including the CCLA Property

Fund. However, our External Auditors have alternative views on this as Grant Thornton as a firm believe Property Funds do not meet the criteria for election.

Concern at the different professional opinions was raised by the Committee as it was felt as lay members receiving two diverse professional views can be very confusing. It was asked if one could revoke the election but Mr Thomas stated that once made, the decision was irrevocable until it ends when you sell the investment. However, Mr Thomas did say that there were differences of opinion between different audit firms on this as the moment and it was a relatively modest amount of money (£70,000) which may reduce in the future dependent on the value of property within the property fund.

**RESOLVED:-** The Committee approved the Council's proposed Accounting Policies that will form part of the 2018/19 Statement of Accounts.

#### **40 PUBLIC SECTOR INTERNAL AUDIT STANDARDS & QUALITY ASSURANCE & IMPROVEMENT PROGRAMME**

Mrs Struthers (Audit Manager) presented the Public Sector Internal Audit Standards/Quality Assurance & Improvement Programme Report which provides evidence of compliance with the Public Sector Internal Audit Standards. The Quality Assurance & Improvement Programme is a requirement of the Public Sector Internal Audit Standards and sets out how the quality will be measured for the Internal Audit Service. Mrs Struthers explained that Appendix 1 was the current internal annual assessment against the standards and Appendix 2 was the Quality Assurance & Improvement Programme (QAIP).

**RESOLVED:-** Members endorsed the Internal Quality Assessment and the Quality Assurance & Improvement Programme as no issues were raised.

#### **41 INTERNAL AUDIT CHARTER AND PROTOCOL**

Mrs Struthers (Audit Manager) introduced Members to the proposed Internal Audit Charter and Protocol for the 2019/20 financial year. The Committee considered the attached report and appendices and changes made to the protocol were welcomed. The changes included deleting the requirement for the issue of a memo in certain circumstances as, after completion of all work, a final audit report will be issued and the Report distribution being extended to all Members of the Audit & Member Standards Committee to ensure that all Members of the Committee are made aware of the assurance levels given at the completion of the audit.

**RESOLVED:-** The Committee considered and approved the amended Internal Audit Charter and Protocol for 2019/20 as no issues were raised.

#### **42 INTERNAL AUDIT PLAN**

Mrs Struthers (Audit Manager) introduced the Internal Audit Plan 2019/20 which is the work programme of the Internal Audit section. Discussions took place and it was recognised that there was a typo in paragraph 3.4 as the days calculated should have quoted 447 as detailed in Appendix 1. It was agreed to amend this and there was only one concern around the planned number of days spent on Finance & Procurement – a query was raised whether 10 days was enough for the Property Investment Strategy audit. Mrs Struthers and Mr Thomas agreed and stated that once an area was scoped and identified a better idea of the number of days involved was mapped. The planned days are an estimate as some areas could take less or some more but the plan would be monitored throughout the year.

**RESOLVED:-** Members approved the Annual Planned Audit Work Programme.

#### **43 2017/2018 ANNUAL REPORT OF THE MONITORING OFFICER - COMPLAINTS**

A verbal report was given by Ms Bal Nahal as Monitoring Officer on the number of complaints received by Lichfield District Council since the last Annual Report tabled on 9 May 2018. Only two complaints had been received during 2017/18 and no action on either taken. However, as several complaints had recently been received she suggested the Annual Report of the Monitoring Officer re: complaints be brought forward on the Audit & Member Standards Committee work programme to November 2019.

It was asked if there was a peak in complaints at election time and Ms Nahal confirmed that there was, but they can be politically motivated and do not all go through the complaints procedure. Members said one of the difficulties with members' complaints was that there was no inhibitor within the process and it was agreed there was a problem as each complaint had to be dealt with on its own merit as frivolous, vexatious and politically motivated tit-for-tat complaints were likely to be rejected.

Ms Nahal said she had taken a briefing note to Leadership Team recently on Local Government Ethical Standards Best Practice Guidance which highlighted the Standards in Public Life Report. A number of recommendations may require legislative change but the council should be adopting best practice.

It was asked if the Committee could assist in assessing the recommendations but it was felt that given the disruption to the legislative process posed by the effects of Brexit there was considerable potential for constant changes. It was agreed to await the primary and secondary legislation adoption.

It was agreed that Councillors have a very difficult job as there is a consistent change in legislation for them to consider. Ms Nahal said that it had been recommended after her last Annual Report that refresher member training take place on Code of Conduct/Equalities and this had taken place. Ms Nahal advised that there would be a Member Induction and Member Training session arranged after the District/Parish Election on 2 May 2019 and asked if existing members could help any new members going forward.

#### **44 AUDIT COMMITTEE LDC PROGRESS REPORT AND UPDATE - YEAR ENDED 31 MARCH 2019**

Mr Phil Jones and Ms Laurelin Griffiths from Grant Thornton presented the Audit Progress Report and Sector Update Lichfield District Council year ending 31 March 2019 which provided the Committee with a report on progress in delivering our responsibilities as External Auditors. Ms Griffiths confirmed that the interim audit had commenced in January 2019 and said the auditors had been on-site for a couple of weeks during the month of March and so far no issues had been found. She advised that the statutory deadline for the issue of the 2018/19 opinion is 31 July 2019 and they were currently discussing their plan and timetable with officers. The final accounts audit is due on 28 May with a findings report being tabled at the July Audit & Member Standards Committee meeting.

Mr Phil Jones advised the Committee Sector Updates had been included in the report to give an update on emerging national issues and developments that may be relevant to us as a local authority and includes a number of challenge questions in respect of emerging issues which the Committee may wish to consider.

**RESOLVED:-** The Committee noted the contents of the Audit Progress Report and Sector Update.

**45 WORK PROGRAMME**

Members noted the Work Programme and the Chairman requested any additions/alterations to the programme.

**46 EXCLUSION OF PUBLIC AND PRESS**

**RESOLVED:** That, as publicity would be prejudicial to public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following item of business which would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

**IN PRIVATE**

**47 CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

The Confidential Minutes of the Meeting held on 6 February 2019, as printed and previously circulated, were taken as read and approved as a correct record.

**48 CONFIDENTIAL INTERNAL AUDIT REPORT - PR & COMMUNICATIONS**

Minutes for this item are recorded separately as it includes exempt information.

(The Meeting closed at 7.15 pm)

CHAIRMAN

# THE ANNUAL GOVERNANCE STATEMENT 2017/18

Cabinet Member for Finance and Democracy

Date: 24 April 2019

Agenda Item: 4

Contact Officer: Anthony Thomas

Tel Number: 01543 308012

Email: anthony.thomas@lichfielddc.gov.uk

Key Decision? **NO**

Local Ward: All wards

Members



## AUDIT AND MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 Regulation 6 of the Accounts and Audit (England) Regulations 2015 requires that 'a relevant authority must, each financial year conduct a review of the effectiveness of the system of internal control required by regulation 3, and prepare (and approve) an Annual Governance Statement'.
- 1.2 Best practice (Chartered Institute of Public Finance and Accountancy's (CIPFA) publication 'Audit Committees Practical Guidance for Local Authorities and Police'), recommends that the review of the internal control system and the production of the Annual Governance Statement be reviewed and subsequently endorsed by an appropriate committee. This publication recommends this to be a core function carried out by Audit Committees.
- 1.3 This report, therefore, presents the Annual Governance Statement for 2018/19 for approval. This Statement is based on the Local Code of Corporate Governance for 2018/19 that was approved by the Committee in May 2018.
- 1.4 It also presents a Local Code of Corporate Governance for 2019/20 for approval.

### 2. Recommendations

- 2.1 It is recommended that the Audit and Member Standards Committee approves the Annual Governance Statement that will form part of the 2018/19 Statement of Accounts (**APPENDIX A**).
- 2.2 It is also recommended that the Local Code of Corporate Governance for 2019/20 be approved (**APPENDIX B**).

### 3. Background

- 3.1 Lichfield District Council is responsible for ensuring that its business is conducted in accordance with legal requirements and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 3.2 The Council has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

- 3.3 In discharging this responsibility, Lichfield District Council is also responsible for ensuring that there is a sound system of governance (incorporating the system of internal control) and maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including the management of risk.
- 3.4 The governance framework 'Delivering Good Governance in Local Government' was produced during 2016 by CIPFA/SOLACE (Society of Local Authority Chief Executives and Senior Managers). The framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the principles contained within the framework. The seven core principles are 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 optimise 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.
- 3.5 The Annual Governance Statement should therefore be focused on outcomes and value for money and relate to the authority's vision for the area. It is based on the core principles above which form the basis of the Local Code of Governance for 2017/18 which was approved by Audit (and Member Standards) Committee. It is a valuable means of communication. It enables the authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.
- 3.6 The Annual Governance Statement should be signed by the Leader and the Chief Executive.

#### **Review of the System of Internal Control**

- 3.7 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Its role is to provide independent assurance to the council that systems are in place and operating effectively.
- 3.8 In order to demonstrate the effectiveness of internal control, Internal Audit have completed the following actions all of which have been reported to Audit (and Member Standards) Committee:
- Carrying out a self-assessment of compliance with the Public Sector Internal Audit Standards (PSIAS)
  - Completing an on-going assessment to identify and evaluate risks (this forms the Audit Plan)
  - Reporting upon performance indicators collected in respect of the Internal Audit Service



- Undertaking a self-assessment of the effectiveness of the Audit (and Member Standards) Committee
- Having in place a Quality Assurance and Improvement Programme
- Undertaking an annual self-assessment against the CIPFA Role of the Head of Internal Audit.

### Process for the Completion of the Annual Governance Statement at Lichfield District Council

3.9 Evidence was collected from a number of sources:

- The views of Internal Audit, reported to Audit and Member Standards Committee through regular progress reports, and the Annual Internal Audit Opinion
- An annual review of the effectiveness of Internal Audit
- The views of our external auditors, regularly reported to Audit (and Member Standards) Committee through regular progress reports, the Annual Audit Letter and Annual Governance Report
- The activities and operations of Council Service Areas whose Heads provide written assurance statements using an Internal Control Checklist
- The views of Members (Chairmen and Vice Chairmen and Leader of the Minority Group) using a Members' Questionnaire
- The Risk Management Process, particularly the Strategic Risk Register
- Performance information is reported to Cabinet and Overview and Scrutiny Committees.

3.10 This information was then collated and an early draft Statement produced and circulated to key officers (including the S151 Officer, Monitoring Officer and Internal Audit Manager) for comment.

3.11 These comments were incorporated into the document. The Statement was reviewed by Leadership Team at its meeting on 10 April 2019, and it was once again updated and sent to the External Auditors for comment.

3.12 The final draft version of the Annual Governance Statement for 2018/19 is now presented to Audit (and Member Standards) Committee for approval at **APPENDIX A**.

3.13 This Statement will then be signed by the Leader and Chief Executive and will ultimately form part of the 2018/19 Statement of Accounts.

3.14 The Best Practice Framework recommends developing and maintaining an up to date local code of governance and the one proposed for 2019/20 is shown at **APPENDIX B**.

|                        |   |
|------------------------|---|
| Alternative Options    | The alternative option is not to produce an Annual Governance Statement for 2018/19 which would result in the Council being in breach of its statutory obligations. |
| Consultation           | Consultation has taken place with Leadership Team, S151 Officer, Monitoring Officer and Internal Audit.   |
| Financial Implications | There are no direct financial implications from the production of the AGS.  |

|  |   |
|--|---|
| Contribution to the Delivery of the Strategic Plan | The Annual Governance Statement has some connection to all areas within the Strategic Plan 2016-20. |
|--|---|

|   |   |
|---|---|
| Equality, Diversity and Human Rights Implications | There are no equality, diversity and human rights implications. |
|---|---|

|                       |                                       |
|-----------------------|---------------------------------------|
| Crime & Safety Issues | There are no crime and safety issues. |
|-----------------------|---------------------------------------|

|   | Risk Description   | How We Manage It  | Severity of Risk (RYG) |
|---|--|---|------------------------|
| A | The Annual Governance Statement is not produced in line with best practice, the CIPFA code and IFRS. | The Annual Governance Statement will form part of the Statement of Accounts that is audited by our external auditors. | Green                  |
|   |  |   |                        |

|   |
|---|
| <b>Background documents</b><br>Delivering Good Governance in Local Government 2016 (including Guidance Notes)<br>Audit Committees Practical Guidance for Local Authorities and Police |
|---|

|                    |
|--------------------|
| Relevant web links |
|--------------------|

|                  |   |
|------------------|---|
| <b>Section 1</b> | <b>Scope of Responsibility</b>  |
| <b>Section 2</b> | <b>Purpose of the Governance Framework</b>                            |
| <b>Section 3</b> | <b>The Governance Framework</b>                                       |
| <b>Section 4</b> | <b>Annual Review of the Effectiveness of the Governance Framework</b> |
| <b>Section 5</b> | <b>Update on Significant Governance Issues 2017/18</b>                |

## **Section 1: Scope of Responsibility**

Lichfield 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. 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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements (known as a Governance Framework) for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has adopted a Code of Corporate Governance (“the Code”), which is consistent with the principles of the CIPFA (Chartered Institute of Public Finance and Accountancy)/SOLACE (Society of Local Authority Chief Executives) Framework ‘Delivering Good Governance in Local Government’ (2016).

This statement explains how the Council has complied with the Code. It also meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

## **Section 2: Purpose of the Governance Framework**

The Governance Framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and the 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, cost-effective services.

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 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 Lichfield District Council for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts.

## **Section 3: The Governance Framework**

The key elements of the systems and processes that comprise the Council’s Governance Framework are summarised in our seven Core Principles. These are discussed below.

## **A Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law**

*'Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and Government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.'*

### **Outcomes**

***We develop, communicate and embed codes of conduct, defining standards of behaviour for Members and officers to ensure they exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance, and that are respectful of laws and regulations.***

***Our policies seek to ensure Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated which assists in protecting the reputation of the organisation.***

***We underpin personal behaviour with ethical values and ensure they permeate all aspects of the organisation's culture and operation, and are respectful of the rule of law.***

We have an Audit and Member Standards Committee which has responsibility for promoting and maintaining high standards of conduct by Councillors and Members, ensuring that they observe the Members' Code of Conduct. The Code of Conduct is supported by training and development programmes for Members.

There is a process in place by which complaints regarding Members' Conduct are pursued. The relatively low number of complaints regarding behaviour demonstrates that the standards are understood and adhered to. During 2018/19, 3 Members' Code of Conduct complaints were received. This compares to 2 in 2017/18. Of the three, one is still outstanding, one was not accepted and the other, following investigation, no action was taken other than to recommend training.

Communication on standards of behaviour is also facilitated through the Council's Employee Liaison Group, with regular meetings with representatives of employees through which we have built sound management-employee relationships.

The ethos of the Paid Service is that officers serve all of the Council. Issues associated with the development of the Governance Framework are regularly discussed by Leadership Team at their meetings.

Communicating the expected standards to employees is undertaken through leading by example by managers from the top (which is a specific requirement in the job description of the Chief Executive, Assistant Chief Executive, Directors and Heads of Service), discussion and training, and a supportive management environment which makes clear to customers that unacceptable behaviour towards employees will not be tolerated.

The Council has a Code of Conduct for employees which was approved by Employment Committee on 9 February 2017 and Full Council on 21 February 2017. A copy can be found on the Authority's Intranet. This Code sets out the principles, behaviours and standards expected of employees in a single document.

The purpose of the Code is to:

- Support the effective operation of the Council's business and wellbeing of its employees
- Assist the Council's employees to perform effectively by ensuring the rules and standards of the organisation are clearly communicated
- Guide the Council's employees in their dealings with the public, elected Members and other members of staff.

The Code is supported and reinforced by our three core organisational values that all our staff and Members work towards. These are:

- Put customers first
- Improve and innovate
- Have respect for everyone.

They have been embedded into the new Strategic Plan that took effect from 1 April 2016 (see Core Principle C).

In order to reinforce the 'put customers first' value, the Council has a 'Customer Promise' which sets out the corporate standards that customers can expect in our dealings with them and, equally, how customers should treat our staff.

The Code of Conduct is also supported by a range of Human Resources policies and procedures, including:

- Disciplinary Policy and Procedure
- Grievance Policy and Procedure (incorporating bullying and harassment)
- Attendance Management and Sickness Policy and Procedure (managing sickness and other absences)
- Performance Management Policy and Procedure (replacing the Capability Policy and Procedure)
- Managing Relationships at Work Policy.

During 2018/19, the Council began developing a new People Strategy, the aim of which is to set out how we plan to attract, nurture, empower, retain and incentivise our staff as part of a positive workforce that has the tools and motivation to deliver our ambitions. A series of workshops have taken place and the findings of the recent employee survey (see Core Principle E) have been fed into this emerging work. The Strategy focusses on four key areas how we:

- Engage and look after people
- Motivate and reward people
- Attract and develop talent
- Organise and empower people.

The People Strategy underpins the Council's strategic vision that Lichfield is a strong, flexible Council that delivers good value, quality services and helps to support a vibrant and prosperous economy, healthy and safe communities and clean, green and welcoming places to live. The Strategy will cover the short and medium term. It will be formally reviewed on an annual basis to ensure that it remains 'fit for purpose', and that the priorities it sets out are the right ones for the Council, its employees and most importantly the people of Lichfield District.

As part of the People Strategy, the Council is developing a Workforce Development Plan. Workforce Planning is about:

- The link between the Council's strategies and its people plans
- Identifying the future skills and competencies needed to deliver new and improved services
- A knowledge of the current workforce
- A comparison between present and future skills and competencies and identifying any gaps between the two
- Developing strategies and plans to eliminate those gaps.

The Workforce Development Plan will be reviewed on an annual basis in with the annual update of Service Delivery Plans (Core Principle C).

Within the People Strategy the Council is also:

- Developing an Employee Wellbeing Policy, which demonstrates our commitment to supporting staff and the types of health and support that will be available
- Producing a Mental Health Action Plan, in line with the recommendations of the Stevenson/Farmer review, to ensure our employees' ability to 'thrive at work'(we are seeking to achieve the 'silver' standard which is for larger companies and the public sector)
- Pledging to the 'Mind Time for Change' initiative
- Raising awareness of mental health issues for all employees and providing training and resources for managers to undertake 'wellness action plan' discussions with all staff, building resilience and providing mental health first aid
- Ensuring that all our policies around managing attendance, behaviour and respect support our aims to promote a positive culture for wellbeing.

The Council's Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair. The role of the Section 151 Officer also ensures legality as well as financial prudence and transparency in transactions. The S151 Officer role is discussed in more detail under Core Principle F.

Under the 2015 Care Act, the Council has a legal responsibility to safeguard, promote well-being and protect children and vulnerable adults. The Authority has a Safeguarding Policy which sets out specific responsibilities and how to spot potential abuse and report concerns. In addition, each Service Area has its safeguarding lead, and training and awareness sessions are carried out for those staff members who come into contact with children and vulnerable adults as part of their role.

Since the outsourcing of the Council's Leisure Centres in February 2018, there has been a reduction in the number of concerns raised as this was the area of the Council where there was the most ongoing contact with children and young people: from April 2018 to March 2019, **13** concerns were raised, **6** related to children and **7** to adults. Of these **5** were taken forward as formal referrals, the remainder were passed on to other services or fell below the threshold for safeguarding concerns. This compares with 2017/18 as follows: **19** concerns were raised, **10** relating to children and **9** to adults. Of these **7** were taken forward as formal referrals, the remainder were passed on to other services or fell below the threshold for safeguarding concerns.

The Council also has a Public Sector Equality Duty under the Equality Act 2010. As part of this we produce an annual Statement showing how we are meeting our obligations. This Statement also helps our customers, staff, the Equality and Human Rights Commission, regulators and other interested

parties to assess our equality performance and our compliance with equality legislation. The latest Statement was published on 31 January 2019 and can be found on the Council's website.

During 2017/18, the Council's Equality and Diversity Policy was updated and a draft was discussed at Leadership Team in February 2018. It then went through the process of consultation via the Employee Liaison Group (ELG), approval by Employment Committee in July 2018 before being approved by Full Council. During 2018/19 the Council created a 'handy' guide to help both Members and officers to understand equality, diversity and inclusion and how these apply in the workplace. The guide contains a number of useful real life examples and can be found on the Council's intranet.

The Council publishes a gender pay gap report in line with a new legal requirement for all public sector bodies. This report shows the difference between the average earnings of men and women expressed as a percentage of men's earnings.

Used to its full potential, gender pay gap reporting may identify the levels of equality in the workplace, female and male participation, and how effectively talent is being maximised.

The figure reported is a year in arrears. So for this 2018/19 report, the figure relates to the position as at 31 March 2018 which will be officially published July 2019. The 'Mean' gap at 31 March 2018, was **7.30%** which is significantly lower than the national average of **17.40%**, which is good, but shows we still have some work to do to lower our mean gap to 0%.

We have identified the reasons for the gender pay gap: a significant number of our female staff are working part time, resulting in lower pay overall. In addition, the waste service traditionally attracts a larger percentage of male employees, hence we employ a higher number of men in the middle quartile displacing more women in the lower and lower middle quartiles which otherwise would have been balanced.

Our 'Median' gap is **0%** against **18.50%** nationally. For 2017/18, the percentages were as follows: the mean 4.72% compared with **14.32%** nationally and the median **0%** compared with **25.90%** nationally. The shift in the 'Mean' from last year is largely due to the outsourcing of our Leisure Centres which significantly changed our workforce profile.

### **B Ensuring Openness and Comprehensive Stakeholder Engagement**

*'Local government is run for the public good. Organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.'*

#### **Outcomes**

***We make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. If a decision is to be kept confidential we provide justification for this decision.***

***We ensure that communication methods are effective and that members and officers are clear about their roles with regards to community engagement.***

***We engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.***



The Council is part of a number of external partnerships which provide support to its strategic agenda. These include the Stoke and Staffordshire and the Greater Birmingham and Solihull Local Enterprise Partnerships (LEP), county and regional waste partnerships, and housing and community safety partnerships. There is currently a national review of LEPs. Until the Government make a decision (which is not due to be implemented until 2020 at the earliest) we have opted to stay in both. This we feel is most beneficial to securing economic growth in our District.

For 2018/19, we were also part of the Greater Birmingham and Solihull Business Rates Pool. However, this was dissolved on 31 March 2019, because the Council will form part of the Staffordshire and Stoke on Trent Business Rate Pilot Pool in 2019/20.

We are also committed to working collaboratively with a range of other partners including the County Council, education, health, housing, business, police, fire and the voluntary and community sector to achieve what is needed for our District. The Lichfield District Board brings together key strategic decision makers from each of the partner organisations to support this. We also work closely and support the voluntary, business and community sectors, to maximise the huge contribution they make to the quality of life of local communities and residents.

As part of our use of partnership working, from time to time partners are invited to attend Overview and Scrutiny Committee meetings to facilitate discussions about shared priorities and the impact of plans and service delivery on local residents.

There are a number of other arrangements in place for securing customer feedback. We consult with our community using the most appropriate research and communication tools available.

In April 2018, there was a 'Local Plan Review: Scope, Issues and Options Consultation'. This was followed later in the financial year by a consultation on the 'Local Plan Review: Preferred Options and Policy Directions'. This consultation took place between 28 January and 18 March 2019, and included two drop in sessions one in Burntwood and one in Lichfield during February 2019.

The Council also undertook a Budget Consultation exercise via the 'Your View' questionnaire. We have a duty under S65 of the Local Government Finance Act 1992, to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure prior to calculating the Council Tax requirement. Best Practice is therefore to undertake an annual budget consultation exercise to ensure that the views of the ratepayers are considered as part of the budget setting process.

The Council's approved 'Consultation Approach and Plan 2018-20' sets out an ambition to create a residents' panel and host regular focus group meetings, in order to ensure that our future plans acknowledge, embrace and reflect local views and needs. Within the Plan, two focus groups took place in October 2018, allowing residents to give views on priorities for the Council's next Strategic Plan (2020-2024). This was facilitated by asking residents to give their views on the current Delivery Plan. Both focus groups felt that the four key areas of the Strategic Plan (see Core Principle C) were the right ones given the services we provide. There were no major gaps identified in the current plans. Further focus groups will be held over the next year.

In March 2019, the Council invited local residents, with an interest in the future development of the Birmingham Road site, to a public event in order to share progress on the project so far and to hear about the short-term plans for the site. It included presentations from officers and gave the opportunity to talk to key Council Members and officers. Around **300** people attended all and were given the opportunity to give their views on the potential development mix. The public event followed a round



table event (February 2019) involving the Council's cross-party Member task group and key organisations, such as Lichfield City Council and Lichfield Bid.

The Council endeavours to be open and transparent about its decisions. This was reaffirmed following a review of the confidential reporting process, whereby it was agreed that to ensure maximum transparency, it was agreed that where appropriate reports containing confidential information will be split into confidential and non-confidential sections. Furthermore, when reports have to be considered in private and explanation will be provided on the agenda.

The Council maintains a website for customers and also manages a number of social media streams including Facebook and Twitter. In addition, we maintain a suite of supporting websites that help underpin the Council's strategic ambitions, including tourism destination website Visit Lichfield and service specific websites including Southern Staffs Building Control and Rate My Place. During 2018/19, the Council launched a new website to keep residents and stakeholders up to date on plans for the development of the Birmingham Road Site.

The Council's Contact Centre is the first contact point for customers/citizens. The Centre is a significant component in the distribution of information to residents and visitors, and for capturing information from customers to inform service development.

In June 2018, we found out that our website was rated **4** out of **4** stars in the national review of local government websites, which put us in the top **9%** of local government websites and **4%** of districts and boroughs. Only **39** out of **414** council websites were awarded a four star rating and of these only **7** were districts/boroughs.

In 2018, we were awarded the maximum of 4 stars from the Society for IT Practitioners in the Public Sector, SOCITM's, Better Connected review of our on-line waste processes. This means we are in the top **13%** of councils for this task, and we only introduced it in December 2017.

In addition to the twice yearly 'LDC News' publication, the Council also publishes newsletters for different sectors, for example, a quarterly Historic Parks newsletter for visitors to the parks.

We are committed to being open and transparent about how we work, our decision-making processes and the services we provide. As part of this commitment we are increasing the amount of data that we make available publicly so that residents are able to hold us to account better. This data has been published under the INSPIRE and Transparency regulations.

We have used the Government's Code of Recommended Practice for Local Authorities on Data Transparency, which recommends the datasets councils should make available as a minimum, as a starting point for deciding what information we should make available. We have so far released **143** data sets on the Government's Data website which are maintained and updated on a daily, weekly or monthly basis depending on the dataset.

We have also used feedback and requests made under the Freedom of Information Act 2000 to identify additional datasets for publication. Examples include council tax bandings by property; commercial empty properties; hackney carriages private hire vehicles; planning S106 agreements; solar panel locations; car parks; public conveniences. We will continue to increase the number of datasets that we make available over time, where resources and capacity permit and there is a clear public demand for the information. At least 30% of requests we receive are repeat requests. We have therefore developed a new online web section on our website – [www.lichfield.gov.uk/foi](http://www.lichfield.gov.uk/foi). This section contains information that we regularly receive requests for.

During 2018/19, the Council signed up to the local digital declaration, which provides us with access to national projects and support and will ensure that we:

- Design services that best meet the needs of citizens
- Challenge the technology market to offer the flexible tools and services we need
- Protect citizens' privacy and security
- Deliver better value for money.

Data protection laws were strengthened in May 2018 with the introduction of the General Data Protection Regulations (GDPR) which replaced and built on the principles contained in the 1998 Data Protection Act. GDPR requires all organisations to have tighter control of the way they manage their personal data. Fines for breaches will be up to 20 million Euro, and fines for failing to keep records will be up to 10 million Euro.

In order to ensure that the Council complies with GDPR various work streams were completed including: reviewing and auditing current practice; checking consents and privacy notices; reviewing contractual terms with suppliers; meeting with all officers who process personal data; creating a policy for GDPR; updating subject access requests procedures; training staff.

One of the requirements of GDPR is to appoint a Data Protection Officer (DPO). The role of the DPO is to oversee the Council's compliance with GDPR and to advise in relation to the law. A briefing paper was presented to and agreed at Leadership Team in April 2018 that recommended the Council appoints the solicitor at South Staffordshire District Council as this Council's DPO, and this was approved at Cabinet in May 2018.

The Council has a customer feedback scheme for the public to make complaints, comments and compliments, and constructive criticism which is used to improve services. The Complaints Charter provides guidance to staff on the Council's complaints process. For 2018/19 **119** complaints were received compared with **362** in 2017/18. We received **107** compliments in 2018/19 which compares with **187** in 2017/18.

In July 2018, the Council received the Annual Review Letter from the Ombudsman for the period ending 31 March 2018. It reported that **7** complaints and enquiries (the same number as in 2017/18) were received from Lichfield District Residents, which came from planning and development, benefits and tax, environmental services and public protection and regulation. Of the **7** complaints and enquiries, **1** was upheld.

The reporting of complaints and compliments continued to improve during 2018/19, with regular reports considered by Leadership Team and circulated to Managers. The reports include details of what we learned from the complaints and changes implemented as a result. Members are provided with monitoring reports on a six monthly basis in addition to reports being presented annually to Audit and Member Standards Committee.

Some examples of areas that have improved in response to customer complaints are:

- Planning where more robust methods of checking amendments to plans have been introduced, and where a change to policy was recommended that includes notification of interested parties
- Procurement where procedures have been tightened and additional advice given to staff to be particularly attentive when dealing with micro-enterprises and sole traders
- Democratic Services where the declarations of interest functionality of Modgov has been introduced to aid transparency.

There were no whistleblowing reports during 2018/19 (nor during 2017/18).

## **C Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits**

*'The long-term nature and impact of many of local government's responsibilities meant that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.'*

### **Outcomes**

***We consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.***

***We ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options, thus ensuring that best value is achieved however services are provided.***

***We measure the quality of services for users, ensuring they are delivered in accordance with our objectives and that they represent the best use of resources and that Council Tax payers and service users receive excellent value for money. We do this through the Performance Management Framework.***

Lichfield District Council has a clear vision in the form of the Strategic Plan 2016-20, which was approved by Full Council in February 2016, and can be found on our website. This is a formal statement of the Authority's purpose and intended outcomes, and it provides the basis for the Council's overall strategy, planning and other decisions.

It has become increasingly important that we are clear on where we need to allocate our resources, and that we are focussing on the things that will make the biggest impact and difference. The Strategic Plan also focuses on those outcomes that are known to reduce demand and dependency on the Council's services (and the wider public purse).

The Evidence Base for the Strategic Plan produced for the Council by the Staffordshire Intelligence Hub, highlighted that the three key things that enable people to live fulfilling and independent lives are:

- Being in employment
- Staying active and healthy
- Having somewhere safe and affordable to live.

Council consultation on these themes demonstrated a broad agreement to these being the areas that the Council should focus on and resulted in the following priority outcomes being identified:

- A vibrant and prosperous economy
- Healthy and safe communities
- Clean, green and welcoming places to live.

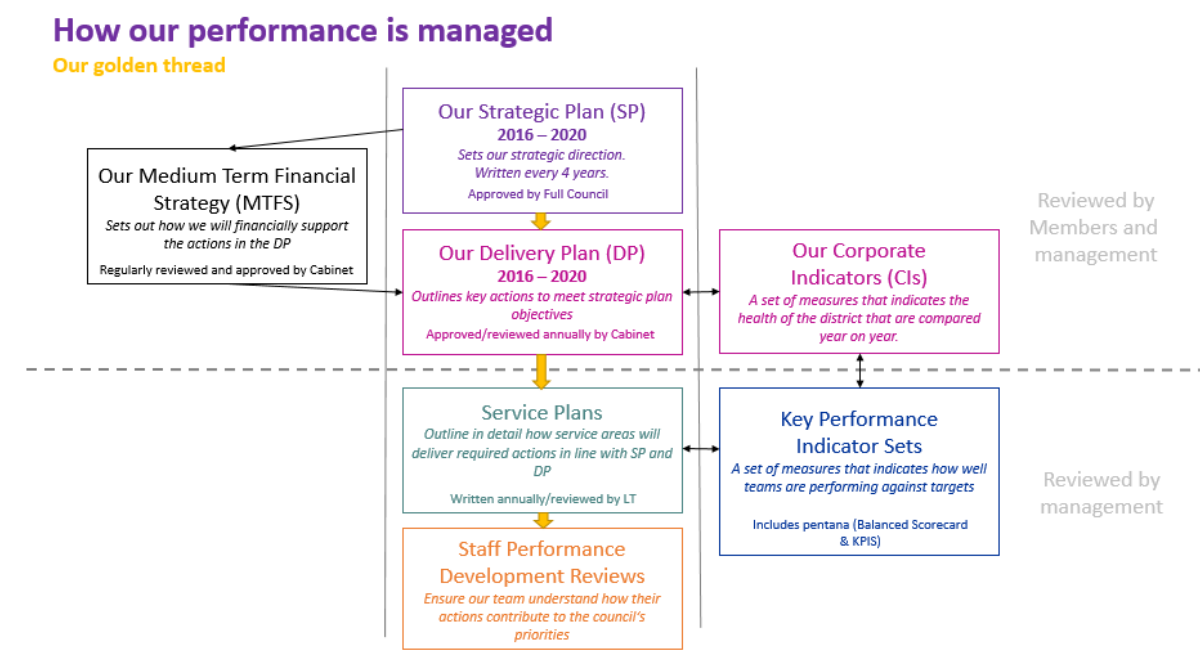
The Plan shows clearly the contribution the Council will make to the achievement of each priority outcome through its own direct delivery of services and activity. It also states where we will seek to influence and encourage partners and stakeholders to act, and how communities can help to achieve the outcomes.

In addition, the Plan makes clear how the Council will actively explore and pursue new ways of delivering services so that they can be delivered more efficiently and effectively, resulting in a fourth priority outcome:

- A Council that is 'Fit for the Future'.

The Strategic Plan not only sets out our strategic direction but also provides the context for our performance monitoring. Up to and including the 2017/18 financial year, this monitoring was carried out using an Annual Action Plan which was approved by Council for the following year in February. This identified and focused on 10 key activities/projects (known as the Corporate Top 10), in order to achieve progress against the aspirations in the Strategic Plan.

A mid-plan review of the way the Council managed its performance was carried out during the early part of 2018, and a revised performance framework developed and approved by Cabinet in September 2018. It is based on the diagram below.



A key outcome of the review was the development of the Council's new Delivery Plan 2018-20, which replaced the Annual Action Plan. The Delivery Plan provides a direct link to the Council's Strategic Plan. It contains only those actions that are strategic in nature or are of cross-departmental importance. By bringing together actions in this way, the Delivery Plan also helps to highlight any resource implications and ensures corporate prioritisation takes place in a more coordinated way.

The Delivery Plan also captures the performance the Council has delivered so far against the aspirations set out in the Strategic Plan, then maps out the activity that will take place between 2018-20, thus making it a longer-lasting, more forward focussed and a more resilient performance tool.

Actions are mapped directly back to commitments and aspirations in each of the Council's priorities in the Strategic Plan. They are also linked to each Head of Service and team service plans in addition to individual staff members' PDR targets. The Delivery Plan also seeks to highlight how actions relate to the Council's F4F programme and commercialisation themes. Overall there are 36 commitments and 82 actions within the Plan.

During 2018/19, a new approach to monitoring the Delivery Plan (and Service Plans) was developed using the Council's performance management system, Pentana. Officers responsible for the Delivery Plan and Service Plan actions now update Pentana to ensure that the latest performance on each individual action is registered in a central location, ensuring that the Council's officers and Members can access real-time progress and performance monitoring.

The Delivery Plan is reviewed on an ongoing basis by Leadership Team and progress reported on a six-monthly basis to Cabinet. A full year Delivery Plan Performance update report is taken to Cabinet in the July following the year end to which it relates. It is also shared with the Chairs of the Council's four Overview and Scrutiny Committees via the Overview and Scrutiny Co-ordinating Group, as part of the role of the Committees in monitoring performance.

From April 2019, performance reporting will take place in line with reporting on the Council's Medium Term Financial Strategy to allow informed discussions around the impact of budgetary pressures on performance to take place.

The Council has a Local Plan that covers the period 2008-29, that seeks to encourage sustainable development within the Lichfield District area, and includes policies on a number of key themes, including sustainable communities, infrastructure, homes for the future, economic development and enterprise, and healthy and safe communities. The Plan will therefore help to make sure the District is developed in the right way, including building the right number and types of houses, developing the right kind of shopping and recreational facilities, getting the right office and industrial spaces, creating opportunities for local jobs to be nurtured and protecting our wildlife, landscapes and heritage.

Progress reports on the implementation of the Local Plan are presented to Overview and Scrutiny Committee in addition to Cabinet. A report on the future review of the Local Plan went to Cabinet in March 2018.

The Planning and Compulsory Purchase Act 2004 introduced the requirement for local planning authorities to prepare and maintain a Local Development Scheme (LDS). The LDS is a project plan that sets out a timetable for the production of a new or revised Development Plan Documents (such as the Local Plan) by the publishing council. The Council's revised LDS was approved by Cabinet in December 2017.

As part of sustainable development, local authorities have to introduce a planning charge known as the Community Infrastructure Levy (CIL). The CIL is designed to act as a tool for local authorities to help deliver infrastructure to support the development of their area. The CIL Charging Schedule sets out the rate of levy the Council will charge those types of development that are eligible to contribute towards infrastructure provision. The District Council's CIL was adopted on 13 June 2016.

CIL Regulation 123 is the requirement for a published list of infrastructure projects or types of infrastructure that the Charging Authority (the District Council) intends will be, wholly or partly, funded by CIL. The Council adopted a Regulation 123 list at the same time as adopting the CIL charging

schedule. In March 2019, Cabinet approved the Council's first allocation of CIL funding (£300,000 in total) to 5 projects.

The Council is promoting Neighbourhood Plans the adoption of which will, in addition to guiding future development, enable parish areas to receive a share of the financial benefits of development that comes from the CIL, and also allow them to set their own priorities for its investment. In 2018/19, five Neighbourhood Plans were taken to referendum and approved by the community. The referendums, Alrewas, Longdon and Armitage with Handsacre took place in September 2018, Elford in November 2018, and Fradley in January 2019. All five gained the necessary levels of support from those voting.

The review process for our Local Plan has commenced. The principle of progressing a review was agreed by members, and following the approval by Cabinet consultation took place with local residents, communities, businesses and other key stakeholders on the scope of the review and the issues that will need to be addressed (see comments in Core Principle B).

During 2017/18, following a lengthy procurement process, it was decided to outsource the operational delivery of our leisure centres both in Burntwood and Lichfield to Freedom Leisure.

The Council works with Freedom to ensure that all incoming benefits are utilised effectively to ensure a geographical spread of opportunity throughout the District and ultimately to improve health and wellbeing.

The aim of the outsourcing was to maximise the opportunity for people to lead healthy lives and to have access to opportunities to exercise, as well as being financially sustainable, with targets set for increased participation across our whole demography.

The contract with Freedom is monitored both operationally and financially by the Leisure Implementation Panel that was originally formed to oversee the transition from Council managed to operational handover to Freedom which took place on 1 February 2018.

### **D Determining the Interventions Necessary to Optimise the Achievements of the Intended Outcomes**

*'Local Government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.'*

### **Outcomes**

***We inform medium and long term resource planning by drawing up realistic estimates of revenues and capital expenditure aimed at developing a sustainable funding strategy.***

***We ensure that the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved whilst optimising resource usage.***



***We ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.***

The Strategic Plan 2016-20, discussed above, sets out the opportunities and challenges we face, the needs of the community, the Council's aspirations, our focus, and our priorities covering the life of this Council.

To fund the Strategic Plan, the Council prepares a Medium Term Financial Strategy (MTFS). This covers how we will use our reserves, our investments, the approach to Council Tax, and how we will deploy our capital. It also looks over the medium term at the cost pressures we are likely to face and how these could be financed. The Strategic Plan must drive the Financial Strategy. The MTFS relevant for 2018/19 is the MTFS 2017-22. This was approved by Cabinet and Full Council in February 2018.

The Revised Budget for 2018/19 was approved by Full Council in February 2019 as part of the MTFS for 2018/19.

In February 2019, Full Council also approved the new Capital Strategy (a requirement of the updated Prudential Code). The Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services together with an overview of how associated risk is managed and the implications for future financial sustainability. It forms part of the Council's integrated revenue, capital and balance sheet planning. It provides a framework for managing the Council's capital programme.

Lichfield District Council has a statutory duty to set a balanced budget in the first year of the five year MTFS, and to set out proposals to balance the further financial years 2019-22. The Chief Finance Officer has a statutory duty to ensure that the figures provided for estimating and financial planning are robust and will stand up to audit scrutiny. The Council is also required to set Prudential Indicators for Capital Expenditure, financing and Treasury Management.

Money Matters Reports are presented at three, six and eight month intervals to Cabinet and Briefing Notes to Overview and Scrutiny Committee, and financial projections are updated in these reports.

Since 2013/14, there have been significant changes in local government finance ranging from the Localisation of Council Tax Support, wider welfare reforms and local retention of an element of Business Rates. These changes have introduced additional financial risks such as a major proportion of the Council's funding being dependent on the level of Business Rates growth or decline. These risks will continue as the majority of the Council's key income streams (Business Rates, New Homes Bonus and fair funding) will be reviewed from 2020/21. In addition, there is a new pension fund valuation applicable from 2020/21.

As a result of these ongoing changes, the Council implemented plans and strategies to manage these financial risks, for example the Fit for the Future Programme introduced in May 2013.

Fit for the Future is the Council's transformation programme that aims to manage the change needed across the Council and its services in order to meet the challenges facing local government finances and to bridge the predicted revenue funding gap. Since its introduction the Programme has helped to identify a range of service improvements and deliver significant savings through a range of measures, including reductions in non-priority areas, changes to service standards, transferring assets and introducing or increasing charges for some services.

The Fit for the Future programme has helped to identify a range of service improvements and deliver significant savings. Its current form aims to be a comprehensive, corporate, cross-departmental transformation programme with the following objectives:

- To embed a culture of change and continuous improvement within the organisation so that it is better placed to play its future role
- To support the delivery of the outcomes described within the Strategic Plan 2016-20 and prepare for the 2020-24 Strategic Plan
- To improve the customer experience of dealing with the Council whether that be digitally or through more traditional contact routes
- To move the Council towards becoming a more self-sufficient and sustainable organisation
- To nurture and support the Council's ambition to be more commercial in everything that it does.

Key areas of activity in 2018/19 included the insourcing of ICT support and development, improved procurement practices and the establishment of a new estates team to support the implementation of the Property Investment Strategy. Other activities include the replacement of the corporate CRM system, a digitisation programme for Regulatory Services, the provision of digital access to customers' own council tax, business rates and benefits accounts, and the introduction of a committee services system.

### **E      Developing the Entity's Capacity, Including the Capacity of its Leadership and the Individuals Within it**

*'Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.'*

### **Outcomes**

***We ensure that the Leader and Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority.***

***We develop the capabilities of the Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental risks by ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirement is available and encouraged.***

***We hold staff to account through regular performance reviews which take account of training or development needs.***

The Council has a Constitution which can be found on our website. This sets out how the Council legally operates, how formal decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution went through a thorough



review during 2017/18 as it was felt that it needed updating in order to reflect recent changes in legislation and also to make it easier to navigate. As a result an updated Constitution was approved by Full Council in May 2018.

The Constitution consists of seven parts: Summary and Explanation, Articles, Responsibility for Functions, Rules of Procedure, Codes and Protocols, Councillors' Remuneration Scheme and Governance Structure.

The document also identifies the roles and responsibilities of Member and officer functions, with clear delegation arrangements and protocols for decision making and communication. For example, the statutory roles for the Head of Paid Service, the Chief Financial Officer (Section 151 Officer) and the Monitoring Officer. Reference is made to the scrutiny role of the Opposition, whereby the latter is responsible for challenging and holding the Controlling Group to account. The Constitution also contains the protocol for officer/Member relations. This is reviewed and amended on a regular basis.

The Council's Constitution is updated as and when changes are needed to be made with the Cabinet Member for Finance and Democratic Services submitting recommendations to Full Council.

The Council has a training plan for Members which is developed and monitored by the Employment Committee. There were **6** training events during 2018/19 (compared with **13** in 2017/18). The areas covered included safeguarding, planning, GDPR for Members, dementia friendly awareness, commercialisation and local authority trading companies. A few events have been postponed owing to the proximity of the elections in May.

The Chief Executive and Directors are set their performance targets annually. These are based on the delivery of the Delivery Plan and the business risks anticipated for the year. Senior politicians appraise the Chief Executive's performance against these targets and the Chief Executive appraises the Directors. As part of this process development needs and solutions are identified and agreed.

Performance Development Reviews (PDRs) are carried out for employees and training needs are identified as part of this process. The importance of the PDR process for the Council continues to be highlighted by the Chief Executive. The rate of completed PDRs for 2018/19 improved marginally on the previous year. At the end of September 2018, **66.5%** (2017/18 **59.56%**) had been completed. By 31 March 2019, this rate had risen to **88.97%** compared with **88.08%** at 31 March 2018.

A structured e-learning programme is available which greatly enhances the learning and development opportunities for a large cross-section of employees. Areas covered include fraud awareness, equalities and data protection.

The Council seeks to ensure that its employees are kept up to date with issues affecting the Council, for instance, performance is communicated through regular emails called 'Key Messages from Leadership Team' as well as regular Manager's Briefings. There are also individual team meetings and the staff newsletter Team LDC.

During 2018/19 an Employee Survey was carried out in order to allow staff to give their views about working at Lichfield District Council. **207 (53%)** of employees responded. A few headline observations:

- 82% stated that they felt the way they work demonstrated the Council's values, with 81% knowing what the Council's values are

- 82% said that they enjoy their jobs, with 89% feeling supported by the team they work with and 72% felt valued by their line manager
- 77% thought their team was positive towards change, with 72% knowing what being a commercial council meant

The results will help to inform the work on the emerging People Strategy.

### **F Managing Risks and Performance through Robust Internal Control and Strong Public Finance Management**

*'Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.'*

*A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.*

*It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.'*

#### **Outcomes**

***We recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making.***

***We ensure that well-developed financial management is integrated at all levels of planning and control.***

***We ensure that there is an effective scrutiny function in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made.***

The Council has a Risk Management Strategy, and managers are trained in the assessment, management and monitoring of risks. The Corporate Risk Register is produced by assessing the risk factors that could potentially impact on the Council's ability to deliver its Strategic Plan. This assessment ensures that we have measures in place to control the potential risks to our business objectives. Risks are judged on their likelihood of occurrence and their potential impact. These are monitored by Members and Senior Officers and reported on three times a year to Audit and Member Standards Committee.

There are currently **8** risks that have been identified as having a potential impact on the ability to deliver the Strategic Plan. It has also been noted that some projects carry significant risk as they could have a major impact if they are not delivered. There is currently **1** item that has been identified as a significant risk.

All reports requiring a decision include a risk assessment section.

The Council continues to manage and monitor the effectiveness of its health, safety and insurance management system. In May 2019, the annual Health and Safety Performance Report was presented to Leadership Team and Employment Committee. This report is a statistical snapshot of accidents and insurance claims, in addition to providing a review of the corporate health and safety training programme, detailing changes to operating procedures and emerging challenges. A Health, Safety and Insurance Service Plan is produced and this identifies areas which could be developed to ensure that the Council remains legal and compliant with good practice. Monitoring of the Service Plan objectives is undertaken by the Head of Corporate Services.

An updated 'Acceptable Use Policy' for IT was adopted during 2018/19. The purpose of the Policy is to ensure that all computer systems and networks owned or managed by the Council are updated in an effective, safe, ethical and lawful manner, and it is the responsibility of every computer user to know these requirements and to comply with them. The Policy applies to every person authorised to access the Council's IT equipment, systems or networks, including: employees, agency staff, consultants, contractors, partners, external secondees and volunteers.

The Council's Contract Procedure Rules and Financial Procedure Rules form part of the Governance Framework. These are the rules set by the Council to regulate its internal procedures for the conduct of its business, in addition to how it spends money and records transactions. They form part of the Council's Constitution. Any amendments to them are subject to approval by Full Council.

Financial Procedure Rules were last updated in 2015 in line with CIPFA's publication 'Financial Regulations, A Good Practice Guide for an English Modern Council'. Contract Procedure Rules were updated in 2016 following a number of changes to procurement guidelines, processes and best practice (for example, the Public Contracts Regulations 2015). These were approved by Audit and Member Standards Committee in January 2017. The Contract Procure Rules were approved by Audit and Member Standards Committee in March 2017, and a copy can be found within the Constitution.

The Head of Finance and Procurement/Section 151 is designated as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.

In April 2016, CIPFA/SOLACE issued an updated application note on the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Council complies with these requirements as detailed below. The Chief Financial Officer is:

- A key member of the Leadership Team
- Actively involved in, and able to bring influence to bear on, all material business decisions to ensure alignment with the Authority's financial strategy
- The lead for the promotion and delivery, by the whole Authority, of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
- Professionally qualified and suitably experienced
- Able to lead and direct a finance function that is resourced to be fit for purpose.

During 2018/19, the Chief Finance Officer continued to provide effective financial management in accordance with the financial procedures and rules set out in the Constitution.

Maintenance of an effective system of both internal and more detailed financial control is the agreed responsibility of Directors, Heads of Service and Service Managers, who are responsible for managing their services within available resources, in accordance with agreed policies and procedures, and to

support the sustainable delivery of strategic priorities in the Strategic Plan and maintain statutory functions.

Elements include:

- Monthly review of budgetary control information by budget holders and Heads of Service to compare expected to actual performance and to forecast going forward
- Formal budgetary monitoring reports are reviewed with budget holders and Heads of Service at three, six and eight months. These look at actual performance and provide forecasts going forward
- Money Matters reports are produced at three, six and eight months and are reviewed by Leadership Team and reported to Overview and Scrutiny, Cabinet and Full Council.

The financial information produced is both reliable and timely and is available in an understandable and useful format to actively support informed decision making and performance management arrangements and thus the delivery of strategic priorities.

We have an Audit and Member Standards Committee that is independent of the Executive and accountable to the governing body. This provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment. We ensure that its recommendations are listened to and acted upon.

As part of the annual Audit Plan, Internal Audit completed fraud awareness and proactive fraud work in accordance with fraud risks identified, adhering to the CIPFA Code of Practice for Managing the Risk of Fraud. The conclusion of this work for 2018/19 is that the Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Over the last couple of years changes have been made to the way our Overview and Scrutiny function operates. Examples of these changes include the greater use of briefing papers, lighter agendas and triangulation meetings with relevant Cabinet Members. Various Task and Finish Groups with commencement dates throughout the year have also been established. A Coordinating Group has been set up that agreed that all work should be to aid Cabinet Members and Heads of Service meet their targets. This Group therefore set out a process for establishing and managing the Task and Finish Groups.

### **G Implementing Good Practices in Transparency, Reporting and Audit to Deliver Effective Accountability**

*'Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both External and Internal Audit contribute to effective accountability.'*

#### **Outcomes**

***We ensure that recommendations for corrective action made by Internal and External Audit are acted upon.***

***We write and communicate reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensure that they are easy to access and interrogate.***

***We welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations.***

We have an effective in-house Internal Audit function with direct access to Members and which reports to the Chief Finance Officer. This service provides assurance with regard to governance arrangements and its recommendations are acted upon. For 2018/19, Internal Audit continued to operate in accordance with the Public Sector Internal Audit Standards.

An annual review of the effectiveness of the system of Internal Audit is undertaken by the Internal Audit Manager based on the Public Sector Internal Audit Standards and using feedback from Directors, Heads of Service, the Section 151 Officer, Managers and External Audit. A Quality Assurance Improvement Programme was approved by Audit and Members Standards Committee in March 2019.

The review of Internal Audit for 2018/19 concluded that the Authority's Assurance Arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit 2010. The Internal Audit Manager fulfils this role and is professionally qualified.

Our External Auditors carry out reviews of our internal control arrangements when working with us throughout the year. They have not reported any weaknesses in their updates to Audit and Member Standards Committee during 2018/19.

The current phase of the F4F Programme is focussed on transforming the way the Council operates, including how it interacts with its customers and making sure the way the organisation is structured and organised is effective, productive and better aligned with the priority outcomes that are set out in the Strategic Plan. Looking at how demand for services can be reduced or managed and how service users can access services and information in ways that costs the Council less (channel shift) are important elements of this. Decisions about where to spend will need to become more evidenced based, so that reduced resources can be targeted on those areas and communities who need them most.

## **Section 4: Annual Review of the Effectiveness of the Governance Framework**

We have a legal responsibility to conduct an annual review of the effectiveness of our Governance Framework, including the system of internal control. The outcomes of the review are considered by Audit (and Member Standards) Committee (which is charged with final approval of this statement).

The review is informed by:

- The views of Internal Audit, reported to Audit and Member Standards Committee through regular progress reports, and the Annual Internal Audit Opinion
- An annual review, carried out by the Audit Manager, of the effectiveness of Internal Audit (as required by Regulation 6(3) of the Accounts and Audit Regulations 2015)
- The views of our External Auditors, regularly reported to Audit and Member Standards Committee through regular progress reports, the Annual Audit Letter, the Informing the Audit Risk Assessment document, the Audit Findings Report and the Audit Plan
- The views of the Head of Paid Service (Chief Executive), Monitoring Officer, Section 151 Officer
- The activities and operations of Council Service Areas whose Heads provide written assurance statements using an Internal Control Checklist
- The views of Members (Chairmen and Vice Chairmen and Leader of the Minority Group) using a Members' Questionnaire
- The Risk Management Process, particularly the Corporate Risk Register

- Performance information reported to Cabinet, Council and Overview and Scrutiny Committees.

### Conclusion of the Review

We consider the Governance Framework and Internal Control environment operating during 2018/19 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

For 2018/19 no significant weaknesses in Governance or Internal Control were highlighted.

### Section 5: Update on Significant Governance Issues 2017/18

The system of Governance (including the system of Internal Control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

The review highlighted no areas as representing a significant weakness in Governance or Internal Control during 2017/18.

**Diane Tilley**

**Chief Executive**

**Councillor Michael Wilcox**

**Leader of the Council**

**LICHFIELD DISTRICT COUNCIL  
CODE OF CORPORATE GOVERNANCE 2019/20**

**Introduction**

Good 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. It comprises the systems and processes, culture 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.

**Our Commitment**

Lichfield District Council is committed to upholding the highest possible standards of good corporate governance, as good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council, and ultimately good results. Good governance flows from shared values, culture and behaviour and from sound systems and structures.

During 2016/17, an updated Framework was produced by CIPFA/SOLACE entitled 'Delivering Good Governance in Local Government 2016'. The main principle underpinning the development of this new Framework is the fact that local government is developing and shaping its own approach to governance taking account of the environment in which it now operates. The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance.

Furthermore, the focus on sustainability and the links between governance and public financial management are crucial for now and for the future. Local authorities have responsibilities to more than their current electors and they must take account of the impact of current decisions and actions on future generations.

This Framework consists of seven Core Principles and it is proposed that it is these that the Code of Corporate Governance for Lichfield District Council 2019/20 is based.

The seven Core Principles are as follows:

**Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law**

'Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and Government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.'

**Ensuring Openness and Comprehensive Stakeholder Engagement**

‘Local government is run for the public good. Organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.’

**Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits**

‘The long-term nature and impact of many of local government’s responsibilities meant that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.’

**Determining the Interventions Necessary to Optimise the Achievements of the Intended Outcomes**

‘Local Government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.’

**Developing the Entity’s Capacity, Including the Capacity of its Leadership and the Individuals Within it**

‘Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.’



**Managing Risks and Performance through Robust Internal Control and Strong Public Finance Management**

‘Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.’

**Implementing Good Practices in Transparency, Reporting and Audit to Deliver Effective Accountability**

‘Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.’

This page is intentionally left blank

## AUDIT & MEMBER STANDARDS COMMITTEE WORK PROGRAMME FOR 2018/19

| Item  | 14<br>Nov<br>18 | 06<br>Feb<br>19 | 27<br>Mar<br>19 | 24<br>Apr<br>19 | 24<br>July<br>19 | Deferred Reason |
|---|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| <b>FINANCE</b>  |                 |                 |                 |                 |                  |                 |
| Annual Governance Statement   |                 |                 |                 | √               |                  |                 |
| Annual Treasury Management Report   |                 |                 |                 |                 | √                |                 |
| Mid-Year Treasury Management Report   | √               |                 |                 |                 |                  |                 |
| Review of Accounting Policies   |                 |                 | √               |                 |                  |                 |
| Statement of Accounts   |                 |                 |                 |                 | √                |                 |
| Treasury Management Statement and Prudential Indicators   |                 | √               |                 |                 |                  |                 |
| Audit & Member Standards Committee Practical Guidance   | √               |                 |                 |                 |                  |                 |
| <b>INTERNAL AUDIT</b>   |                 |                 |                 |                 |                  |                 |
| Annual Report for Internal Audit  |                 |                 |                 |                 | √                |                 |
| Internal Audit Charter and Protocol   |                 |                 | √               |                 |                  |                 |
| Internal Audit Plan   |                 |                 | √               |                 |                  |                 |
| Internal Audit Progress Report  | √               | √               |                 |                 |                  |                 |
| Quality Assurance and Improvement Programme   |                 |                 |                 |                 |                  |                 |
| Review of Internal Control including Public Sector Internal Audit Standards Self-Assessment Summary |                 |                 |                 |                 |                  |                 |
| Risk Management Update  |                 | √               |                 |                 | √                |                 |
| Risk Management Update to include Risk Management Policy and Corporate Risk Register                | √               |                 |                 |                 |                  |                 |

## AUDIT & MEMBER STANDARDS COMMITTEE WORK PROGRAMME FOR 2018/19

| Item   | 14<br>Nov<br>18 | 06<br>Feb<br>19 | 27<br>Mar<br>19 | 24<br>Apr<br>19 | 24<br>July<br>19 | Deferred Reason  |
|--|-----------------|-----------------|-----------------|-----------------|------------------|--|
| Counter Fraud Update Report including Counter Fraud & Corruption and Whistleblowing Policies |                 |                 |                 |                 | √                |  |
| <b>LEGAL, PROPERTY AND DEMOCRATIC</b>  |                 |                 |                 |                 |                  |  |
| Annual report on Exceptions and Exemptions to Procedure Rules                                |                 | √               |                 |                 |                  |  |
| Overview of the Council's Constitution in respect of Contract Procedure Rules                |                 |                 |                 |                 | √                | Done as part of Constitution update to include Financial Procedure rules   |
| GDPR/Data Protection Policy  |                 |                 |                 |                 |                  | Approved at previous meeting and Cabinet 01/05/18  |
| Annual Report of the Monitoring Officer - Complaints   |                 |                 | √               |                 |                  | To be reported November 2019   |
| RIPA reports policy and monitoring   |                 |                 |                 |                 |                  |  |
| Terms of Reference   |                 |                 |                 |                 |                  | Done as part of Constitution update  |
| <b>EXTERNAL AUDITOR</b>  |                 |                 |                 |                 |                  |  |
| Audit Findings Report for Lichfield District Council 2018/19                                 |                 |                 |                 |                 | √                |  |
| The Annual Audit Letter for Lichfield District Council                                       | √               |                 |                 |                 |                  |  |
| Certification Work for Lichfield District Council for Year Ended 31 March 2018               |                 | √               |                 |                 |                  | Verbal Report only in November – report to be finalised by end of Nov so actual report will be deferred to February 2019 |
| Planned Audit Fee 2018/19  |                 |                 |                 |                 | √                |  |
| Informing the Audit Risk Assessment - Lichfield District Council                             |                 | √               |                 |                 |                  |  |
| Audit Plan for Lichfield District Council 2018/19  |                 | √               |                 |                 |                  |  |
| Audit Committee LDC Progress Report and Update – Year Ended 31 March 2019                    | √               |                 | √               |                 |                  |  |

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank