

THE ANNUAL GOVERNANCE STATEMENT 2020/21

Cabinet Member for Finance & Procurement, Customer Services and Revenues and Benefits

Date: 27 April 2021
Agenda Item: 5
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Key Decision? **NO**
Local Ward Members All wards



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 2020/21 for approval. This Statement is based on the Local Code of Corporate Governance for 2020/21 that was circulated and agreed by the Committee in May 2020.
- 1.4 It also presents a Local Code of Corporate Governance for 2021/22 for approval.

2. Recommendations

- 2.1 It is recommended that the Audit and Member Standards Committee reviews and approves the Draft Annual Governance Statement that will form part of the 2020/21 Statement of Accounts (**APPENDIX A**).
- 2.2 It is recommended that the Committee delegates authority to the Chair of the Committee and the Head of Finance and Procurement to make further minor amendments to the Annual Governance Statement prior to the inclusion of the final version in the Statement of Accounts.
- 2.3 It is also recommended that the Local Code of Corporate Governance for 2021/22 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 2020/21 which was previously 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 7 April 2021, and it was once again updated.

3.12 The final draft version of the Annual Governance Statement for 2020/21 is now presented to Audit and Member Standards Committee for approval at **APPENDIX A**.

3.13 There are however figures related to the gender pay gap that are not yet available for 2020/21 (shown in yellow in the Annual Governance Statement). The Annual Governance Statement will be updated when these figures are available and the final version will be included in the Statement of Accounts.

3.14 This Statement will then be signed by the Leader and Chief Executive and will ultimately form part of the 2020/21 Statement of Accounts.

- 3.15 The Annual Governance Statement can be updated up to the date of the signing of the Statement of Accounts.
- 3.16 The Best Practice Framework recommends developing and maintaining an up to date local code of governance and the one proposed for 2021/22 is shown at **APPENDIX B**.

Alternative Options	The alternative option is not to produce an Annual Governance Statement for 2020/21 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.
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.
Environmental Impact	There are no environmental impact.
GDPR/Privacy Impact Assessment	It has not been necessary to undertake a Privacy Impact Assessment.

	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.	Likelihood : Green Impact : Green Severity of Risk : Green

Background documents Delivering Good Governance in Local Government 2016 (including Guidance Notes) Audit Committees Practical Guidance for Local Authorities and Police

Relevant web links

Section 1	Scope of Responsibility
Section 2	Purpose of the Governance Framework
Section 3	The Governance Framework
Section 4	Annual Review of the Effectiveness of the Governance Framework
Section 5	Update on Significant Governance Issues 2019/20
Section 6	Reflecting the Challenges from Covid-19

Section 1: Scope of Responsibility

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 Code was circulated and agreed by Audit and Member Standards Committee in May 2020.

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 2021 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
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We have an Audit and Member Standards Committee which has responsibility for promoting and maintaining high standards of conduct by Members, ensuring that they observe the Members’ Code of Conduct. The Code of Conduct is supported by training and development programmes for Members.

The Council's Monitoring Officer reports any complaints and their outcomes to the Audit and Member Standards Committee.

The Council has adopted arrangements under which allegations of misconduct are investigated and under which decisions on allegations can be made. These arrangements are regularly reviewed, and any amendments made by the Council are reflected in the Council's Constitution. The number of complaints in 2020/21 compared with 2019/20 are shown below:

	Area	2019/20	2020/21	Trend
	Member Complaints	3	3	➔

The relatively low number of complaints regarding behaviour demonstrates that the standards are understood and adhered to. Of the three, one was resolved by other action and the other two, following initial investigation, were resolved informally.

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 and Heads of Service), a competency framework, reinforced through 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 in February 2017, Full Council in 21 February 2017 and updated in February 2018. 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 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 Strategic Plan 2020-24 that took effect from 1 April 2020 (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 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
- Performance Management Policy and Procedure
- Managing Relationships at Work Policy.

In August 2019, the Council agreed a People Strategy and Competency Framework to underpin and support its Strategic Plan over the next four years. The People Strategy sets out how the Council as a business plans to attract, engage, empower and reward its staff so that it will continually have a workforce that can successfully deliver its ambitions, meet new challenges and drive opportunities to enable business growth. Its aim is to ensure that the Council has a skilled and aligned workforce which is crucial to delivering its priorities, objectives and the Strategic Plan.

The Strategy will be regularly reviewed 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 has developed 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
- Developing strategies and plans to eliminate those gaps.

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

Within the People Strategy the Council has also adopted an Employee Wellbeing Policy that demonstrates the Council's commitment to supporting staff and the types of support that are available. There is, in addition, a Mental Health Action Plan to support our employees' ability to 'thrive' at work. It has also been raising awareness of mental health issues for all employees and providing training sessions and resources for managers to undertake 'wellness action plan' discussions with all staff, training sessions for staff to help build resilience and creating a team of mental health first aiders. These roles have proved invaluable during the pandemic in supporting our workforce.

Throughout the pandemic we have continued to review our approach and the support available to staff and managers in dealing with the sudden shift to home working for office based staff.

In November 2020, Internal Audit carried out a review of the sufficiency and adequacy of controls in place to mitigate against key risks to our operations arising from the pandemic relating to staff wellbeing. The audit covered the time period April 2020 to October 2020. The overall result of the audit was Substantial Assurance and this was reported to Audit and Member Standards Committee.

The Council continues to work to ensure that all its policies around managing attendance, behaviour and respect support its 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 Section 151 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 a safeguarding lead, and training and awareness sessions are carried out for all staff, not just those who come into contact with children and vulnerable adults as part of their role.

The number of referrals in 2020/21 compared with 2019/20 are shown below:

Area	2019/20	2020/21	Trend
Concerns Raised	19	13	↓
<i>Related to:</i>			
<i>Children</i>	4	2	↓
<i>Adults</i>	15	11	↓
Formal Referrals	5	5	→

The reduction in referrals reflects the reduced contact with children during the lockdown. However it is recognised that once lockdown ends there may be an increase in concerns being raised and the need to make more referrals.

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 2021 and can be found on the Council’s website.

The Council has an Equality and Diversity Policy which was approved by Full Council in 2018. There is also a ‘handy’ guide on the Council’s intranet to help both Members and officers to understand equality, diversity and inclusion and how these apply in the workplace.

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 gender pay gap figures for 2020/21 compared with 2019/20 are shown below:**

Area	2019/20	2020/21	Trend
Gender Pay Gap (Mean)			
Lichfield	5.62%	X%	↓
National	12.00%	X%	↓
Gender Pay Gap (Median)			
Lichfield	0%	X%	→
National	9.70%	X%	↓

The National figures are taken from the base data on the ‘.gov.uk’ website

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. However full time female staff are paid on average more per hour than their male full time counterparts. 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. Possible routes to encourage more recruitment to employ more female staff in this service have been considered to even out the gender mix in our workforce. However, this is a traditionally male dominated profession due to the hours and conditions of work. Gender Pay Gap reporting supports our equal pay framework and provides a litmus of areas that may need further investigation in our workforce.

We have a legal duty as a first responder to participate and actively play a role in the response to and recovery from any emergency situation that impacts on the District and its community. This includes having in place a number of response and recovery plans, business continuity plans, and a requirement to participate in the collective activities that are sponsored on behalf of our Local resilience Forum, by the Civil Contingencies Unit (CCU), a body which is funded and owned by the members, such as Lichfield District Council. If there is an incident the local council concerned will work with the CCU to determine if partners need to be involved and whether an emergency should be declared and the requisite structures put in place.

In March 2020, these measures were put in place for the management of the Covid-19 pandemic. The group, known as the Strategic Coordinating group (SCG), was established to implement an effective response to Covid-19 in Staffordshire. At the same time, a Tactical Coordinating Group (or local response and recovery group) was established within Lichfield District Council. The SCG together with its tactical support groups has worked and continues to work together to prioritise the continued delivery of essential services in order to support our communities, businesses, staff, elected members and other key stakeholders. It will also manage the ongoing response to preserve life, minimise disruption to communities, businesses and services and inspire trust and confidence of all.

Locally, a number of initiatives have been taking including provision of a shopping service, information, support and enforcement work with businesses, support to open up the economy when we have not been in lockdown, payment of grants to businesses through a number of statutory and discretionary schemes, and support to those that are self-isolating. Monitoring of infection rates, testing and vaccination programmes and joint working on all other initiatives have been required.

In addition, another cross county SCG was established to manage the potential impact of departure from the European Union and a more local group was established to manage the response and recovery to a fire at Ridware House in Lichfield where 20 families were evacuated and had to be rehomed for three weeks.

B Ensuring Openness and Comprehensive Stakeholder Engagement

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.

A national review of LEP did recommend that councils should only be members of one LEP. This issue has not yet been resolved, having been overtaken by Covid-19 recovery activity, and we still await further guidance. Until we are told otherwise we feel, given the economic geography of the District, that it is most beneficial for our community and businesses that we remain in both LEPs. This will enable us to maximise the economic growth in our District, which will be even more key following the economic impact of Covid-19.

Since 2019/20 we have also been a part of the Staffordshire and Stoke on Trent Business Rate Pool.

We are 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. 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.

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.

During 2020/21, the Council appointed Max Associates to produce a Sport England Strategic Outcomes Planning Model and a strategic options appraisal to develop a clear approach to the future provision of effective and sustainable physical activity and sports opportunities for the District. To identify barriers to physical activity participation, an extensive consultation process took place with key stakeholders, the local community via face to face interviews, and an online survey. In-depth focus groups were also held with inactive adults, people with disabilities, young people and older adults.

Consultation also took place during 2020/21 on the Council's draft events and festivals policy and procedure, and associated draft guide to organising an event in Lichfield District. Both documents were created to facilitate the continued delivery of high quality, well run events and festivals in the District, to ensure that these are well managed, add to the economic growth of the District and are enjoyable for all.

The Council undertook a Budget Consultation exercise between 22 October 2020 and 31 December 2020. The questionnaire was accessible on-line through the Council's website and promoted through the media and social media. The budget consultation was also promoted in the printed LDC news magazine distributed to **44,000** homes in November 2020 and through a newly launched e-news that was sent to **6,000** subscribers.

The Council also consults with its Members. For example, in November 2020, Strategic Overview and Scrutiny created a Task Group to review committee structures and make recommendations for improvements. Strategic Overview and Scrutiny accepted the findings in January 2021, and Cabinet will review the proposals in early April for Council to then consider.

In addition, the Council consulted with its officers during 2020/21 via its home working survey that took place in May 2020. The responses provided a wealth of information, including about the numbers happily working at home, how productive they were, about their workspace and their feelings of their work home balance.

The Council carried out further consultation with its officers via its Wellbeing survey that took place in July 2020. This survey focussed on the impact of the Covid-19 pandemic on the workforce and their families. This gave a good insight as to how some of the staff were feeling and the sort of support needed going forward. A response plan was then developed with the support of the internal Health and Wellbeing Group and this was communicated to all staff.

The Council endeavours to be open and transparent about its decisions. To ensure maximum transparency, reports containing confidential information are split into confidential and non-confidential sections. Furthermore, when reports have to be considered in private an explanation is provided on the agenda.

However, the Council also needs to ensure that it gets the balance right between transparency and maintaining appropriate levels of confidentiality. A report on the Rules of Confidentiality was approved by Audit and Member Standards Committee in November 2019. This outlined the Council's legal obligations in ensuring that what must, or ought to, remain private is kept private, and what must be disclosed. It also outlined the approach to determining whether information should be kept private.

The Council maintains a website for customers. In May 2019, a more modern version was launched that works from the same software package as our digital forms to make it easier to manage the digital platforms and interactions with customers.

The Council 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 Staffordshire Building Control.

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.

The Council distributed its printed LDC News publication in November 2020 and in January 2021 launched a monthly e-news version. It also has several other newsletters, for example, for the Historic Parks, available to communicate news to stakeholders.

With its commitment to being open and transparent the Council has increased the amount of data that is made available publicly so that residents are able to hold us to account better. This data has been published under the INSPIRE and Transparency regulations.

The Council uses 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 also used feedback and requests made under the Freedom of Information Act 2000 to identify additional datasets for publication. 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.

The Council has 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.

Following awareness being raised by the Audit and Member Standards Committee, particular focus was given to ensure that the Council complies with GDPR. Various work streams have been completed by the ICT team including: reviewing and auditing current practice; checking consents and privacy notices; reviewing contractual terms with suppliers; meeting with all officers who process personal data to undertake an information audit; creating a policy for GDPR; updating subject access requests procedures; training staff. This has seen a success of the internal control mechanisms to support effective governance as the issue was identified, taken seriously and resolved as soon as was practicable.

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 provide advice in relation to the law. The Governance Director at South Staffordshire District Council acts as this Council's DPO, working closely with Lichfield's Head of Governance and Performance, who is the Council's Senior Information Risk Owner (SIRO).

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. Members are provided with monitoring reports on a six monthly basis in addition to reports being presented annually to Audit and Member Standards Committee.

The number of complaints and compliments for 2020/21 compared with 2019/20 are shown below:

Area	2019/20	2020/21	Trend
Complaints	77	60	↓
Compliments	113	152	↑
Ombudsman Complaints	5	4	↓
Ombudsman Complaints Upheld	1	0	↓
Whistleblowing Reports	0	0	→

Members are provided with monitoring reports on a six monthly basis in addition to reports being presented annually to Audit and Member Standards Committee.

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

Lichfield District Council has a clear vision in the form of the Strategic Plan 2020-24 which was produced following extensive consultation and review by Member, staff, stakeholder and resident focus groups.

The Strategic Plan 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 key priority outcomes that the Plan aims to achieve are:

- **Enabling people** - to help themselves and others; to collaborate and engage with us; to live healthy and active lives
- **Shaping place** - to keep it clean, green and safe; to protect our most valuable assets; to make sure sustainability and infrastructure needs are balanced
- **Developing prosperity** – to encourage growth; to enhance the District for visitors; to invest in the future
- **A good Council** – that is financially sound, transparent and accountable; is innovative and customer focussed; has respect for everyone.

This Strategic Plan was approved by Full Council on 18 February 2020, and came into operation on 1 April 2020. It can be found on the Council's website.

Leadership Team and Cabinet have identified the top priority issues that needed to be addressed to ensure these are achieved over the next 12 - 18 months. These priorities have formed the basis of the Delivery plan for 2020/21 and the annual service plans. The Delivery Plan 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 over the period 2020-24.

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.

Officers responsible for the Delivery Plan and Service Plan actions update the Pentana system 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 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 June following the financial year end. It is also shared with the Chairs of the Council's four Overview and Scrutiny Committees through the Overview and Scrutiny Co-ordinating Group.

Performance reporting takes 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.

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 and any other supporting documents, such as supplementary planning documents) by the publishing council.

The Council updated its LDS in July 2020 to identify a revised timetable for preparing the Local Plan that shapes how the District will be developed up to 2040 (to be adopted in February 2022). This updated version was considered by Economic Growth, Environment and Development (Overview and Scrutiny) Committee in March 2020 and approved by Cabinet in May 2020.

From December 2020, authorities are required to prepare and publish an Infrastructure Funding Statement (IFS) covering the previous reporting year. These statements will explain how the spending of any forecasted income from both CIL and Section 106 planning obligations over a five year period will be prioritised. The District Council published its first IFS in December 2020 which covered the 2019/20 reporting year.

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 2020/21, as a result of the Covid-19 pandemic, no Neighbourhood Plan referendums were able to take place.

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

The Strategic Plan 2020-24 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 2020/21 is the MTFS 2019-24. This was approved by Cabinet and Full Council in February 2020.

The Revised Budget for 2020/21 was approved by Full Council in February 2021 as part of the MTFS for 2020/21.

The Council has a Capital Strategy which was approved In February 2019 by Full Council. 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 2021-24. 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.

As a result of these ongoing changes, the Council has implemented plans and strategies to manage these financial risks, for example the Fit for the Future Programme introduced in May 2013 and which ran until 2020. This transformation programme has been used 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. It has also supported the delivery of the outcomes described within the Strategic Plan 2016-20 and helped to prepare for the 2020-24 Strategic Plan.

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

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 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 document 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. 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 Legal and Regulatory submitting recommendations to Full Council.

APPENDIX A

The Council has a training plan for Members which is developed and monitored by the Employment Committee. The number of training events during 2020/21 compared with 2019/20 is shown below:

	Area	2019/20	2020/21	Trend
	Member Training Events	15	6	↓

The areas covered included safeguarding, planning enforcement, Code of Conduct and governance, the local plan, press and social media, and equality and diversity. The pressures of Covid-19 contributed to fewer sessions during 2020/21.

The Chief Executive and Heads of Service 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 Heads of Service.

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 2020/21 remained fairly consistent with the previous year. The figures are shown below:

	Area	2019/20	2020/21	Trend
	Performance Development Reviews (September)	12.4%	18.12%	↑
	Performance Development Reviews (March)	52.0%	55.98%	↑

There was a slight increase in completed PDRs compared with 2019/20. However, the numbers still remain lower than the Council would like, and for 2020/21 can be explained partly by the impact of Covid-19, together with the issues faced in 2020/21, which included resourcing gaps as a result of illness and vacant posts in senior roles and management positions.

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 and equalities.

The Council has recently invested in a programme of training for all its managers and which will be delivered by West Midlands Employers in the coming months. All managers are expected to attend one of the sessions and there will be four cohorts, the first cohort beginning in March 2020 and the programme running throughout 2020/21. There are eight modules including communication, motivation of self and others and leadership in a virtual world, linking closely to our competencies.

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 weekly emails from the Chief Executive and Leadership team as well as regular Managers' Briefings which is designed to feed out key messages to individual team meetings.

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

The Council has a Risk Management Policy and managers are trained in the assessment, management and monitoring of risks. This Policy was reviewed and refreshed during 2019/20, and approved by Audit and Member Standards Committee in November 2019.

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.. 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 seven risks that have been identified as having a potential impact on the ability to deliver the Strategic Plan. Of these risks, two have been identified as significant and are currently outside of the Council's risk appetite: the resilience of teams to effectively respond to further serious disruption to services (following the pandemic) and pressures on the availability of finance. The Council is continually working to mitigate and reduce these risks, accepting that much of the cause is outside of the Council's direct control.

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. Each year, 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.

The Council has an 'Acceptable Use Policy' for IT (adopted during 2018/19). Its purpose 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.

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.

Both are currently being reviewed and updated. They will be approved by Audit and Member Standards Committee and Full Council in due course. A copy of both documents as they currently stand can be found within the Constitution.

The Head of Finance and Procurement is designated as the Chief Financial 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. 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 2020/21, the Chief Financial 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 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 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 produced at three, six and eight months and are reviewed by Leadership Team and reported to Overview and Scrutiny, Cabinet and Full Council.

In December 2019, CIPFA introduced a Financial Management Code. The driver for this was the exceptional financial circumstances faced by local authorities, having revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future. The Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. For the first time it sets out the standards of financial management for local authorities.

The underlying principles that inform the Code have been developed in consultation with senior practitioners from local authorities and associated stakeholders. Each local authority must demonstrate that the requirements of the Code are being satisfied. This is a collective responsibility of elected Members, the CFO and their professional colleagues in the Leadership Team.

The Financial Management Code is to be applied from 1 April 2020, with the first year, 2020/21, being a shadow year where local authorities should be able to demonstrate they are working towards full implementation for the first full year of compliance in 2021/22.

The Council took a report on the Financial Management Code to Leadership Team and then to Audit and Member Standards Committee in November 2020. This report included an appendix detailing CFO's assessed level of compliance with the Code at October 2020. This assessment did not highlight any areas of concern.

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 2020/21 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.

During 2020/21, the Audit and Member Standards Committee approved the Counter Fraud Framework.

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 and lighter agendas. Various Task and Finish Groups with commencement dates throughout the year have also been established (see earlier comments in Section B). 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. These structures have been subject to a review following a member task group set up in late 2020 and further changes are proposed to bring in a single Overview and Scrutiny Committee in 2021 if approved by Council.

During 2020/21, the Council appointed its own Procurement Team having previously bought in to services from other councils. A procurement Strategy has since been produced and approved by Cabinet.

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

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 2020/21, 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 Shared Head of Audit based on the Public Sector Internal Audit Standards and using feedback from Heads of Service, the Section 151 Officer, Managers and External Audit.

The review of Internal Audit for 2020/21 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 Shared Head of Audit 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 2020/21.

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

For 2020/21 one significant weaknesses in Governance or Internal Control was highlighted in relation to the proposed disposal of an area of Public Open Space. An independent investigation has been commissioned and the findings and proposed actions to address any control weaknesses will be reported to the Audit and Member Standards Committee.

With the exception of the issue above, we consider the Governance Framework and Internal Control environment operating during 2020/21 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 2020/21 no additional significant weaknesses in Governance or Internal Control were highlighted.

Section 5: Update on Significant Governance Issues 2019/20

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 2019/20.

Section 6: Reflecting the Challenges from COVID-19

This section considers the impact of Covid-19 on and a second conclusion on the adequacy of governance arrangements during this period will be included to make clear the impact.

The impact on governance can be seen under the following broad categories:

Impact on business as usual in the delivery of services

Social distancing measures have had a significant impact on the Council's governance arrangements. MHCLG laid regulations before Parliament in April 2020 to provide flexibility in relation to local authority and police and crime panel meetings held between 4 April 2020 and 6 May 2021. These regulations provide for remote access to meetings of local authorities by members of a local authority and by the press and public.

The Council, therefore, put arrangements in place to hold meetings virtually, allowing elected members to fully engage in taking key decisions and allow for public participation. Since May 2020, all of our Council meetings have been broadcast live and then made available on our YouTube Channel. Overall attendance at meetings is higher via zoom which enables members to balance their role with other responsibilities.

Mobile and flexible working has now become business as usual for many of our staff. This transition was achieved relatively early on during the first lockdown where all staff who could work from home were equipped to do so within the first few weeks.

To keep staff and residents safe, our reception area has not been reopened to the general public yet. All key services have remained available through a variety of other channels. Where essential, home visits and business inspections are still carried out under Covid-19 secure protocols.

For our customers we have worked hard to ensure they feel comfortable in using the new ways of

accessing our services and website. Dedicated webpages have been developed and continue to be updated with relevant information to support residents and businesses throughout the pandemic.

Since March 2020, messages have been issued by the Chief Executive and Leadership Team, sometimes on a daily basis, to ensure all staff and Members have the most up to date information to pass on to residents and stakeholders. Over the pandemic period, Managers Briefings (our internal staff cascade) have continued via zoom.

The Council has also ensured that the local residents are regularly updated and kept informed. Social media output/impact has increased significantly since the start of the first lockdown highlighting both the increase in output from the Council and the demand from the local community for on-going information about local and national developments.

Areas of activity as part of the national response to coronavirus and any governance issues arising

Over the last nine months the Council's housing team has worked closely with accommodation providers in both the social and private housing sectors, to ensure that we had sufficient capacity to accommodate anyone who needed assistance with accommodation.

Since the start of the first lockdown in March 2020, the Council has worked closely with the Voluntary and Community Sector to identify community support needs and how these can be met. The Council has also shared good practice and learning and participated in a Digital Engagement - Celebrating Successes and Learning event where organisations shared what they have been doing to adapt their service offer and make good use of digital options.

Covid-19 regulatory advice to businesses has been dealt with by Environmental Health, with pressure being brought to bear on traditional work streams. Covid-19 enforcement work has also been undertaken, protecting the public and ensuring a more level playing field for all businesses affected by the pandemic.

Maintaining front line services has been a focus for Operational Services. The Joint Waste Service was able to continue to deliver a complete service across both Lichfield and Tamworth, throughout 2020. It was one of fewer than **10%** of collection authorities able to continue the collection of refuse, recycling, garden waste and bulky waste, along with the delivery of new bins.

The funding and logistical consequences of delivering the local government response

The ongoing Covid-19 pandemic has already had a significant impact on local council finances, the effects of which will continue through the current period of lockdown and beyond. The financial impact will be due to both unforeseen but necessary, expenditure and reduced income from fees and charges, Council Tax and Business Rates.

The impact varies by area, dependent on factors such as geography, demographics, services delivered and the nature of the local economy. However to a large extent, it will depend on how quickly the national and local economies return to normal levels of activity.

To offset the additional financial pressures being faced by Local Government, the Government has provided the following support:

- **Additional grant funding** - funding has been provided in five tranches during 2019/20, 2020/21 and 2021/22
- **Sales, fees and charges scheme** - compensation for reductions in income in 2020/21 and the first three months of 2021/22

- **Council Tax and Business Rates Losses** - to fund 75% of irrecoverable losses in council tax and business rates
- **Local Council Tax Support Grant** - a new grant for 2021/22 to compensate authorities for the expected additional cost of Local Council Tax Support schemes in 2021/22
- **National Leisure Recovery Scheme** - to support leisure facilities

It is unclear at this stage whether this funding will be sufficient to offset all of the financial pressures and Local Government continues to lobby for further funding to be made available.

Assessment of the longer term disruption and consequences arising from the coronavirus pandemic

It is essential that the Council focuses on the likely impact that the crisis, and its aftermath, will have on income levels both now and potentially into the future.

The Covid-19 crisis is likely to be long-lasting and far reaching, affecting more than one financial year. It could be difficult for councils to reduce their spending back to pre-crisis levels and income streams will not necessarily bounce back quickly, especially if the local economy is in recession.

This means that the assumptions underlying later years in the MTFS will almost certainly need to change, making the 'funding gap' for 2021/22 and beyond larger.

Some Positive Outcomes for the Council

The pandemic has not been totally without some positive outcomes for the Council, for example:

- We have demonstrated the ability to respond and change at pace where needed, something that can be further develop in the future to adapt and deliver change across the Council and its communities
- The Council's staff have shown the ability to rapidly change mind-set and culture, thereby demonstrating we can deliver services successfully through a virtual front-door and work both flexibly and remotely
- The pandemic has highlighted the current position in regards to the resilience and integrity of our ICT infrastructure, whilst also demonstrating areas for future attention in order to optimise the new normal
- It has shown the need for a modern office design, providing the catalyst to make changes which people are accepting of, without the normal change curve and inherent tensions

Once the crisis is over, the Council will conduct a review of the lessons to be learned from its response. If this takes place before the Annual Governance Statement is approved, its findings will be included within the Statement.

Diane Tilley
Chief Executive

Councillor Douglas Pullen
Leader of the Council

**LICHFIELD DISTRICT COUNCIL
CODE OF CORPORATE GOVERNANCE 2021/22**

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 2021/22 is based.

The seven Core Principles are as follows:

A	Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law
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	<i>'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.'</i>
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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.

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.

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.

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.

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.

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.

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.