

# **Annual Governance Statement**

**2023 – 2024**

**Lichfield District Council**

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## Introduction and Scope of responsibility

Lichfield District Council is responsible for ensuring that:

- business is conducted in accordance with the law and proper standards,
- public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- risk is properly managed as part of the governance arrangements.

To ensure effective governance the Council has adopted a Code of Corporate Governance, 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).

## The Governance Statement

This Governance 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.

In this document the Council:

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

The Annual Governance Statement reports on the governance framework that has been in place for the year ended 31st March 2024 and up to the date of approval of the statement of accounts.

# The Governance Framework

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It 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 Principles of Good Governance

The Council aims to achieve good standards of governance by adhering to the seven core principles in the diagram below, which form the basis of the Council’s Code of Corporate Governance:



The following pages provide a summary of actions and behaviours taken by the Council in relation to each of these seven core principles (A – G) and associated sub principles.

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

Supporting Principles:		
<b>Behaving with integrity</b>	<b>Demonstrating strong Commitment to ethical values</b>	<b>Respecting the Rule of Law</b>
How we do this:		
<ul style="list-style-type: none"> <li>➤ A new Member Standards Committee has been established from the former Audit &amp; Member Standards committee, with a dedicated focus on member conduct.</li> <li>➤ CIPFA recently published guidance on the function and operation of Audit Committees in local authorities and police bodies. On Ethical values the guidance states: ‘Authorities have a standards committee to oversee member conduct and review complaints. This is not a function of the audit committee and combining the two committees should be avoided.’</li> <li>➤ This new committee arrangement ensures the Council complies with CIPFA guidance; reduces the workload of Audit committee; provides greater focus and capacity for both Audit and Member Standards functions.</li> <li>➤ The Member Standards Committee is responsible for promoting high standards of member conduct.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Arrangements are in place to ensure that decisions are not influenced by prejudice, bias or conflicts of interest. These include:               <ul style="list-style-type: none"> <li>○ A register of disclosable conflicts of interest</li> <li>○ Provision on Cabinet/Council/Committee agendas for the declaration of interests</li> <li>○ A register of gifts and hospitality.</li> </ul> </li> <li>➤ A corporate complaints procedure exists to receive and respond to any complaints received.</li> <li>➤ A Whistleblowing Policy enables employees and others to raise concerns about any aspect of the Council’s work.</li> <li>➤ The Council is committed to equality of opportunity for all citizens, in line with the Public Sector Duty as set out in the Equality Act 2010.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The constitution sets out:               <ul style="list-style-type: none"> <li>○ The responsibilities of the Council, the Cabinet, the Overview &amp; Scrutiny Committee and other Committees</li> <li>○ The roles, duties and delegated powers of key officers.</li> </ul> </li> <li>➤ The Council has a duty to appoint staff to three specific roles:               <ul style="list-style-type: none"> <li>○ The Head of Paid Service (Chief Executive) who has overall accountability for the governance arrangements operating within the Council.</li> <li>○ The Chief Financial Officer who is responsible for the proper administration of the Council’s financial affairs and internal controls.</li> <li>○ The Monitoring Officer who has a role in ensuring decisions are taken lawfully and that the council complies with the Constitution.</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>➤ All elected Members follow a code of conduct, supported by training and development.</li> <li>➤ The Monitoring Officer provides advice and can refer complaints to the Member Standards Committee/Review Sub-Committee.</li> <li>➤ Officer behaviour is governed by the Employee's Code of Conduct that sets out the standards of conduct expected of employees at work. The Code is supported and reinforced by organisational values to: <ul style="list-style-type: none"> <li>○ Put Customers First,</li> <li>○ Improve and Innovate,</li> <li>○ Have Respect for Everyone.</li> </ul> </li> <li>➤ The Codes are regularly reviewed to ensure they are operating effectively.</li> <li>➤ Expected behaviours are embedded into performance appraisals</li> </ul>		
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## B Ensuring Openness and comprehensive stakeholder engagement

Supporting Principles:		
<b>Openness</b>	<b>Engaging Comprehensively with Institutional Stakeholders</b>	<b>Engaging with stakeholders effectively, including individual citizens and service users</b>
How we do this:		
<ul style="list-style-type: none"> <li>➤ To ensure open and transparent decision making the following are published on the Council's website: <ul style="list-style-type: none"> <li>○ Council/Cabinet/Committee agendas and reports</li> <li>○ the Cabinet Forward Plan detailing upcoming key decisions</li> <li>○ Cabinet and Cabinet Member decisions</li> </ul> </li> <li>➤ To ensure maximum transparency, reports containing confidential information are split into confidential and non-confidential sections whenever possible.</li> <li>➤ When reports must be considered in private, an explanation is provided on the agenda.</li> <li>➤ Progress against the Financial Strategy is monitored and reported to Cabinet on a quarterly basis.</li> <li>➤ We comply with the code of recommended practice for local authorities on data transparency which acts as a starting point for the</li> </ul>	<ul style="list-style-type: none"> <li>➤ We are committed to working collaboratively with a range of partners across the public, private and voluntary sectors.</li> <li>➤ The Council is part of a number of external partnerships which provide support to its strategic agenda. These include county and regional waste partnerships, and housing and community safety partnerships.</li> <li>➤ The Council's planning and decision-making processes are designed to include consultation with stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Elected Members are democratically accountable to their local area and provide a clear leadership role in building sustainable communities.</li> <li>➤ The 2023 Local Elections saw all 47 members of the District Council held directly accountable to their electors.</li> <li>➤ The Community Power Strategy works to: <ul style="list-style-type: none"> <li>○ engage communities in local decisions</li> <li>○ work with communities to improve outcomes.</li> </ul> </li> </ul> <p>Community power incorporates a wide range of practices, approaches and initiatives centred on the principle that communities have knowledge, skills and assets and are well placed to identify and respond to challenges.</p> <ul style="list-style-type: none"> <li>➤ The establishment of a Lichfield Youth Council has allowed for increased engagement with young people living in the district and identification of key issues that matter to them through the priorities set by Youth Councillors.</li> </ul>

<p>information we make available.</p> <ul style="list-style-type: none"> <li>➤ The publication scheme lists the information we make available as part of our obligations under the Freedom of Information Act 2000.</li> <li>➤ Feedback and requests made under the Freedom of Information Act 2000 are used to identify datasets for publication.</li> </ul>		<ul style="list-style-type: none"> <li>➤ The long-term vision for the Council is set out in the Strategic Plan. The outcomes have been developed through extensive consultation with staff, members, residents and stakeholders.</li> <li>➤ Additional consultation work has been done to develop the Lichfield 2050 Strategy, centred around the key themes of Environment; Place; Prosperity and Health.</li> <li>➤ These consultations have been carried out under the unified “Together We” branding rolled out by the council. The consultation saw over 7,500 residents and businesses feedback their views and opinions on the District and future priorities.</li> <li>➤ Budget and strategic plan consultations undertaken in line with the Community Power Strategy are used to develop the Strategic Plan and Medium-Term Financial Strategy.</li> <li>➤ The Council continues to review and improve its Overview and Scrutiny arrangements with an annual report brought to the committee.</li> <li>➤ The Council manages a number of social media streams, produces a resident newsletter and maintains websites that help underpin the Council’s strategic ambitions.</li> </ul>
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**C Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits**

Supporting Principles:	
<b>Defining outcomes</b>	<b>Sustainable economic, social and environmental benefits</b>
How we do this:	
<ul style="list-style-type: none"> <li>➤ The Council’s long-term vision and priorities are set out in the Strategic Plan. The document provides the basis for the Council’s overall strategy, planning and decisions.</li> <li>➤ The key priority outcomes that the Plan aims to achieve are: <ul style="list-style-type: none"> <li>○ <b>Enabling people</b> - to help themselves and others; to collaborate and engage with us; to live healthy and active lives.</li> <li>○ <b>Shaping place</b> - to keep it clean, green and safe; to protect our most valuable assets; to make sure sustainability and infrastructure needs are balanced.</li> <li>○ <b>Developing prosperity</b> – to encourage growth; to enhance the District for visitors; to invest in the future.</li> <li>○ <b>A good Council</b> – that is financially sound, transparent and accountable; is innovative and customer focussed; has respect for everyone.</li> </ul> </li> <li>➤ Cabinet and Leadership Team have identified the top priority issues that need to be achieved over the next 12 - 18 months. These priorities form the basis of the Medium Term Priorities Plan and is embedded in Service Plans.</li> <li>➤ Performance reporting takes place in line with reporting on the Council’s Medium Term Financial Strategy facilitating informed consideration of performance and budgetary pressures.</li> <li>➤ The Council works with partner organisations where there are shared objectives and clear economic benefits from joint working.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Local Plan was designed to encourage sustainable development within the Lichfield District area, and include policies on a number of key themes, including sustainable communities, infrastructure, homes for the future, economic development and enterprise, and healthy and safe communities. Following the withdrawal of the Local Plan 2040 from examination in October 2023 a new local plan is being developed and the Cabinet has approved the publication of a Local Development Scheme.</li> <li>➤ The Council publishes an Infrastructure Funding Statement (IFS). The statement explains how the spending of forecasted income from CIL and Section 106 planning obligations will be prioritised.</li> <li>➤ The Council has promoted Neighbourhood Plans which will guide future development, enable parish areas to receive a share of the financial benefits of development (Community Infrastructure Levy), and also allow them to set their own priorities for its investment.</li> <li>➤ The procurement strategy seeks to embed social value principles (social, economic and environmental) in procurement and contract management.</li> <li>➤ A successful recruitment exercise was undertaken in March 2024 to appoint a Social Value Co-ordinator into the Procurement and Commissioning team. The focus of this role will be to support the development and implementation of social value and contract management strategies across the organisation to encourage and engage local projects through supply chain commitments, leaving positive legacies within the local communities by:</li> </ul>

<ul style="list-style-type: none"> <li>➤ The Overview &amp; Scrutiny Committee has an important role in helping to define and monitor outcomes.</li> <li>➤ Local Government Association Peer Review was used in 2022/23 to provide a 'health check' on core components including priority setting, financial planning and viability.</li> </ul>	<ol style="list-style-type: none"> <li>1. Liaising with internal and external stakeholders.</li> <li>2. Identifying opportunities for social value projects and to work with local SME's and VCSE's.</li> <li>3. Promoting social sustainability and community engagement.</li> <li>4. Defining and co-ordinating a programme of social/public value activities.</li> <li>5. Supporting with strategic contract management.</li> <li>6. Monitoring of key performance indicators and contractual commitments.</li> <li>7. Reporting of social value outcomes.</li> </ol> <ul style="list-style-type: none"> <li>➤ Consideration is given to the environmental impact, financial implications and social impact (equality, diversity, human rights, crime &amp; safety) of all Cabinet decisions.</li> <li>➤ A new Data Assessment section has been introduced to Committee Reports to assess the impact of policy proposals by Ward and across the District using the Social Progress Index.</li> </ul>
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**D Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes**

Supporting Principles:	
<b>Determining and Planning Interventions</b>	<b>Optimising the Achievements of the Intended Outcomes</b>
How we do this:	
<ul style="list-style-type: none"> <li>➤ The Strategic Plan sets out the Council’s aspirations, focus and priorities. This along with a number of other key strategies, helps identify and determine any interventions that are necessary under the strategic themes outlined in the section above.</li> <li>➤ The Council’s decision-making process ensures decision makers receive a rigorous, objective and robust analysis of options together with the risks associated with any proposed decision.</li> <li>➤ Consultation is undertaken as part of the decision-making process. Reports are required to set out the consultation that has taken place.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Medium Term Financial Strategy (MTFS) is driven by the Strategic Plan. The MTFS covers investments, the use of reserves, the approach to Council Tax, and the use of capital. It also considers medium term cost pressures and how these could be financed.</li> <li>➤ The Council’s 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 provides a framework for managing the Council’s capital programme and forms part of the Council’s integrated revenue, capital and balance sheet planning.</li> <li>➤ The Strategic Plan is supported by Performance Indicators that are monitored by the Cabinet. Performance is also subject to review by the Overview &amp; Scrutiny Committee.</li> <li>➤ Money Matters Reports are presented at quarterly intervals to Cabinet and Briefing Notes are provided to the Overview and Scrutiny Committee. Financial projections are updated in these reports.</li> <li>➤ The Council engages with internal and external stakeholders through the Community Power Strategy to engage communities in local decisions and work with them to improve outcomes.</li> <li>➤ The achievement of ‘social value’ forms part of the procurement strategy.</li> </ul>

## **E Developing Capacity, Including the Capability of Leadership and the Individuals Within it**

How we do this:

- The Constitution 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 document identifies the roles and responsibilities of Member and officer functions, with clear delegation arrangements and protocols for decision making and communication. The Constitution is kept under continual review and changes are recommended to full council as appropriate.
- The Council is implementing an organisational change programme – Being a Better Council 2021-2024. It will enable the Council to be:
  - Better equipped – realigning service structures and rethinking how our services are delivered, and by whom. We will bring all residents’ facing services together and support them with better use of digital technologies that are second nature to our invisible competition. Where sensible, we will merge the functional elements of services (e.g. assessment and processing) and underpin their management and delivery with stronger performance management and greater clarity over what is expected of them.
  - Better led – creating a strong ‘can do’ culture across the organisation and equipping all our managers with the right skills to do their jobs.
  - Better performing – investing in the core capacity and capabilities of our workforce, to create an officer cohort capable of increased growth and performance.
- The Council has a training plan for Members. The areas covered included safeguarding, planning, licensing, code of conduct and governance, equality and diversity.
- The Chief Executive, Chief Operating Officer and Assistant Directors have annual performance targets. These are based on delivery of the Strategic 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 Chief Operating Officer/Assistant Directors.
- OKRs are carried out for employees and training needs are identified as part of this process.
- 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.
- Employees are kept up to date with issues affecting the Council through regular emails from the Chief Executive, monthly ‘all-hands calls’ and a dedicated LDC Teams Channel.
- The Council is committed to Belonging and Wellbeing and aims:
  - to ensure all employees are supported

- provide a positive environment that is compatible with promoting staff engagement, being an employer of choice, improving attendance, high organisational performance, resident focus and organisational performance.

- Wellbeing initiatives included a Wellbeing, Safety and Good Health Week that comprised a range of activities, information and advice for employees.
- Enhanced healthcare benefits for employees have been approved and will be introduced in 2024/25.
- Annual performance related bonuses have been introduced.
- Local Government Association Peer Review was used to provide an external 'health check' in early 2022, on core components including political & managerial leadership, governance & decision making and organisational capacity.
- The constitution provides for the inclusion of two independent members on Audit Committee to ensure the Committee has the necessary skills, capability and capacity.
- A new part time role of Managing Director has been created in LWMTS to provide additional capacity given the growth in the activities being undertaken. This role is currently being undertaken the Chief Executive and conflicts of interest are identified and managed through .....

## F. Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management

Supporting Principle:

### Managing Risk

How we do this:

- The Council has a Risk Management Policy that defines the roles and responsibilities for managing risk.
- A Corporate Strategic 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 Senior Officers monthly and reported quarterly to Audit Committee.
- An 'Acceptable Use Policy' for IT seeks to ensure that all computer systems and networks owned or managed by the Council are updated in an effective, safe, ethical and lawful manner.
- Financial Procedure Rules form part of the Constitution and set out the financial management framework for ensuring the best use of resources. It outlines the financial roles and responsibilities for staff and Members and provides a framework for financial decision-making. The Rules ensure statutory powers and duties are complied with and reflect best professional practice.
- The Council has reviewed and revised its Contract Procedure Rules.
- The Chief Financial Officer provides effective financial management in accordance with the financial procedures and rules set out in the Constitution.
- There is Clarity over the role of Head of Paid Service and Monitoring Officer.
- Maintenance of an effective system of both internal and more detailed financial control is the agreed responsibility of Assistant Directors 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 Assistant Directors to compare expected to actual performance and to forecast going forward.
  - Formal budgetary monitoring reports reviewed with budget holders and Assistant Directors at quarterly intervals. These look at actual performance and provide forecasts going forward
  - Money Matters reports are produced quarterly, reviewed by Leadership Team and reported to Overview and Scrutiny, Cabinet and Full Council.
- The Financial Management Code was applied from 1 April 2020 and Reports based on the CIPFA Resilience Index are provided annually to Audit Committee.
- Relevant Office of Local Government (OFLOG) indicators and policies will be monitored.

<ul style="list-style-type: none"> <li>➤ The Audit Committee provides independent assurance over governance, risk and internal control arrangements with a focus on financial management, financial reporting audit and assurance. The Committee is independent of the Executive and accountable to the governing body.</li> <li>➤ The Audit Committee has approved; Counter Fraud Framework, Money Laundering and Whistleblowing Policy.</li> </ul>
Supporting Principle:
<b>Managing Performance</b>
<p>How we do this:</p> <ul style="list-style-type: none"> <li>➤ The Strategic Plan outlines priorities.</li> <li>➤ The Strategic Plan is supported by Performance Indicators that are monitored by Leadership Team, the Cabinet and the Overview &amp; Scrutiny Committee.</li> <li>➤ Service Plans will set out key priorities, objectives and risks for individual services.</li> <li>➤ Performance is monitored by Leadership Team, Cabinet and the Overview and Scrutiny Committee.</li> <li>➤ The Overview &amp; Scrutiny function has been reviewed and improved to ensure effective oversight, constructive challenge and review.</li> <li>➤ Reports provide clear objective analysis and advice including risk and assess financial, social and environmental implications.</li> <li>➤ Performance on responses to information requests and complaints is registered on the Pentana system providing real-time performance information.</li> <li>➤ Personal Development Reviews are used to assess performance and set goals and objectives at the individual level.</li> <li>➤ The Council has identified that improved and consistent contract and relationship management will have a positive effect on the ability to secure value for money from key suppliers and partners. A contracts management policy and procedure guide has been developed with a supporting toolkit that includes: Contract overview document, contract management planner, Minutes and agenda template.</li> </ul>
Support principle:
<b>Robust Internal Control</b>
<p>How we do this:</p> <ul style="list-style-type: none"> <li>➤ The Internal Audit Service provides an objective evaluation of internal controls to effectively manage risk and monitors any weaknesses identified to ensure these are addressed.</li> <li>➤ The Audit Committee is independent from the Executive and provides further assurance on the governance of risk management and internal control arrangements.</li> </ul>



<ul style="list-style-type: none"> <li>➤ Fraud is taken very seriously, and the Council has an anti-fraud and corruption policy, money laundering and a whistleblowing policy which is reviewed annually and approved by the Audit Committee.</li> </ul>
Supporting principle:
<b>Managing Data</b>
<p>How we do this:</p> <ul style="list-style-type: none"> <li>➤ The Council is committed to complying with General Data Protection Regulations (GDPR) and the Data Protection Act 2018. It is recognised that the correct and lawful treatment of personal data maintains public confidence and trust.</li> <li>➤ Compliance with the Council’s Data Protection Policy is mandatory. The policy facilitates a unified GDPR compliant framework for all Members and officers when managing and processing customer data.</li> <li>➤ In line with GDPR requirement the Council has appointed a Data Protection Officer (DPO) to oversee compliance with GDPR and provide advice in relation to the law. This is now an internal role rather than third party hire, allowing for a stronger and more responsive approach. The Council’s DPO, works closely with the Chief Operating Officer, who is the Council’s Senior Information Risk Owner (SIRO).</li> <li>➤ Monitoring also includes an annual report of the Data Protection Officer to Audit Committee, internal/external audits and Information Commissioner reviews as appropriate.</li> <li>➤ An action plan was adopted to ensure recommendations in the 2021/22 internal audit of GDPR are delivered and reported as appropriate.</li> <li>➤ We are registered as a Controller under the General Data Protection Regulation (GDPR) which governs how we manage and process the information we collect and retain. We have a nominated Data Protection Officer and procedures in place that explain how we use and share information, as well as arrangements for members of the public to access information.</li> </ul>
Supporting principle:
<b>Strong Public Financial Management</b>
<p>How we do this:</p> <ul style="list-style-type: none"> <li>➤ Budget holders and Leadership Team review budgets on a monthly basis to monitor actual performance and review/update forecasts.</li> <li>➤ Formal budgetary monitoring reports are reviewed with budget holders and Leadership Team at quarterly intervals.</li> <li>➤ Money Matters reports considering financial performance against the financial strategy are produced quarterly. The reports are reviewed by Leadership Team and reported to the Overview and Scrutiny Committee and Cabinet.</li> <li>➤ The Council has implemented the Financial Management Code developed by CIPFA in consultation with senior practitioners from local authorities and associated stakeholders and provides annual reports to the Audit Committee on the CIPFA Resilience Index.</li> </ul>

- External Audit reviews the Council's financial statements (including the Annual Governance Statement) providing an opinion on the accounts and the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).
- The Audit Committee is independent of the Executive and accountable to the governing body. It considers the external audit opinion on value for money has part of its responsibility for monitoring the effectiveness of the control environment and value for money.
- The Audit Committee comprises up to two Independent Members to help ensure strong, independent oversight.

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**G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Supporting Principles:		
<b>Implementing Good Practices in Transparency</b>	<b>Implementing Good Practice in Reporting</b>	<b>Audit and Delivering Effective Accountability</b>
How we do this:		
<ul style="list-style-type: none"> <li>➤ The Agendas and Minutes of Cabinet and Committee meetings are published on the Council’s website.</li> <li>➤ Upcoming Key Decisions are Published on the Cabinet’s Forward Plan.</li> <li>➤ The Council has a Freedom of Information publication scheme</li> </ul>	<ul style="list-style-type: none"> <li>➤ The published Annual Statement of Accounts is a statutory summary of the Council’s financial affairs for the financial year. It provides clear information on the income and expenditure of the Council and sets out the Council’s stewardship of public money.</li> <li>➤ The Annual Governance Statement and Local Code of Corporate Governance set out governance arrangements and consider their effectiveness against the seven key principles.</li> <li>➤ The Audit Committee reviews and approves the Annual Statement of Accounts and the Annual Governance Statement.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Accountability and decision-making arrangements are clearly defined within the Council’s constitution.</li> <li>➤ The Audit Committee provides independent assurance to the Council on the adequacy and effectiveness of governance arrangements and internal control.</li> <li>➤ Risk based internal audit, compliant with Public Sector Internal Audit Standards, provides ongoing assurance that key risks material to achieving the Council’s objectives are being managed.</li> <li>➤ External Auditors carry out reviews of our internal control arrangements throughout the year. No weaknesses have been reported in their updates to Audit Committee during 2023/24</li> </ul>

## Annual Review of the Effectiveness of the Governance Framework

### How has the Council Addressed the Governance Improvement Actions from 2022/23?

In 2022/23 no significant weaknesses in Governance/Internal Control were highlighted in the feedback received from members and senior officers.

### Actions taken in response to issues highlighted in the 'Looking Ahead' Section of the 2022/23 Governance Statement.

#### (i) Audit Committee – Independent Members

In the 2022/23 Governance Statement reference was to the appointment of an Independent Member to the Audit & Member Standards Committee (now Audit Committee) being reviewed following the local elections and subsequent skills assessment of the committee composition. This review has taken place and the decision was taken to appoint two Independent Members to the Audit Committee.

#### (ii) Lichfield West Midlands Traded Services Ltd

It was highlighted that the Lichfield West Midlands Traded Services Ltd - the Local Authority Trading Company (LATCo) would need to be monitored as the company expands to include Disabled Facilities Grants and Leisure Centre Management and Internal Audit undertook a review in 2023/24.

### Governance Review 2023/24

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 Committee (which is charged with final approval of this statement).

The review is informed by:

- The views of Internal Audit, reported to Audit Committee through regular progress reports, and the Annual Internal Audit Opinion. Additionally, taking into account any reports received concerning data breaches and whistleblowing allegations.
- 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 Committee through regular progress reports, the Auditors Annual Report, 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 Assistant Directors provide written assurance statements using an Internal Control Checklist.
- The views of Members (Committee Chairs and Leader of the Minority Group) using a Members' Questionnaire.
- The Risk Management Process, particularly the Corporate Strategic Risk Register

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

### Annual Auditors Report – 2021/22 & 2022/23

Overall the auditor, Grant Thornton, reported no evidence of significant weakness in the Council's governance arrangements. An improvement recommendation was made in relation to the Council's wholly owned company – 'That the Council should review its arrangements for the appointment of directors to minimise the potential for conflicts of interest.' A review of the Companies governance arrangements was included on the internal audit plan and measures to address conflicts of interest are outlined below.

### Audit Findings Delays – 2021/22 & 2022/23

The Council's Auditors have advised that assurances from Staffordshire Pension Fund auditors have now been received and therefore external audit opinions for 2021/22 and 2022/23 are planned to be issued by the end of April 2024. However, if the external audit opinions are not issued and if the government introduces emergency measures, a disclaimed opinion would need to be issued. This would impact multiple authorities so would likely not result in any significant reputational damage.

The Annual Governance Statement remains focused on the effectiveness of governance arrangements during the period covered and account will be taken of CIPFA guidance on Local audit delays and the publication of the Annual Governance Statement. This includes the inclusion of a statement explaining the reason for delays (see above) and the response to any significant issues identified.

### Managing Interests - Lichfield West Midlands Traded Service Ltd & Darwin Futures LLP

Managing conflicts of interests over decision-making is critical for transparent and effective governance. Board Directors have fiduciary duties to the company, including declaring conflicts of interest, as required by the Companies Act 2006. However, this can be complex where Board members are also officers or members of the Council. It is expected that each Board member records their declaration of interests, ensures this is kept up-to-date, and removes themselves from any discussions and decisions in meetings where conflicts may arise. Declarations of interest should be recorded on Cabinet Decision Notices and Board Minutes.

Likewise Interests should be declared and recorded in relation to appointees to Darwin Futures LLP.

### GDPR & DWP SEARCHLIGHT

During 2023/24 we were made aware of issues in relation to the operation and management of DWP Searchlight in LWMTS whilst undertaking Disabled Facilities Grants that could impact on the Council's access to this information that is used to assess Housing Benefit applications. These concerns were raised with management and an agreed action plan put into place to address these concerns. DWP have scheduled an audit of the Council's DWP Searchlight arrangements for 2024/25.

### **Looking Ahead**

The Lichfield West Midland Traded Services (LWMTS) Ltd - the Local Authority Trading Company (LATCo) has continued to expand with the addition of Planning Major Development, Bio-Diversity and Human Resource functions and continued monitoring of governance arrangements is recommended.

## **Conclusion of the Review**

We consider the Governance Framework and Internal Control environment operating during 2023/24 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.

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.

**Simon Fletcher**  
Chief Executive

**Councillor Douglas Pullen**  
Leader of the Council

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