

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S  
REPORT TO**

**Audit & Standards Committee**  
**30 May 2023**

**Report Title:** Annual Governance Statement 2022/23

**Submitted by:** Service Director for Finance (Section 151 Officer)

**Portfolios:** Finance, Town Centres and Growth

**Ward(s) affected:** All

**Purpose of the Report**

To recommend that the Annual Governance Statement for 2022/23 be approved for inclusion in the financial statements.

**Recommendation**

**1. That the Committee approve the Annual Governance Statement for 2022/23.**

**Reasons**

To seek members approval of the Annual Governance Statement for 2022/23 based upon their satisfaction that it is based upon relevant and reliable evidence.

**1. Background**

- 1.1 Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal.
- 1.2 The Council has approved and adopted a Code of Corporate Governance. A copy of the Code is on our website.
- 1.3 Under the Accounts and Audit Regulations 2015 the Council is required to publish an Annual Governance Statement (AGS) with the financial statements and emphasise the importance of embedding internal control, including the process of risk management throughout the Council. In response the Council produced an AGS for 2022/23 covering corporate governance, financial and other key control issues (the statement is provided as Appendix A).
- 1.4 The AGS is published with the financial statements. In considering the approval of the AGS Members should satisfy themselves that the statement is based upon relevant and reliable evidence. Details of the evidence relied upon when collating the AGS can be made available by contacting the Service Director for Finance (S151 Officer).
- 1.5 The AGS includes the following headings:
  - Scope of responsibility,
  - The purpose of the governance framework,
  - The governance framework,
  - Review of effectiveness,
  - Significant governance issues and,

## 2. **Issues**

- 2.1 In preparing the AGS officers have considered the Chartered Institute of Public Finance (CIPFA) 'Delivering Good Governance Framework' guidance document.
- 2.2 The AGS has been produced combining findings from Assurance statements from the Chief Executive, Service Directors and Business Managers, the work of Internal Audit and various corporate working parties and comments from external auditors and other review agencies.
- 2.3 Section 5 of the AGS identifies those areas, following the review of internal controls for the financial year 2022/23 that needs addressing. Action plans where not already in place will be drawn up by officers to address the issues highlighted.
- 2.4 Not to complete an AGS would be in breach of the legislation already outlined in the background. Completion of the statement is best practice and demonstrates the transparency of the Council's Governance arrangements for 2022/23.

## 3. **Proposal**

- 3.1 That the Committee approve the Annual Governance Statement for 2022/23.

## 4. **Reasons for Proposed Solution**

- 4.1 Regular reporting of the Council's financial position is a key discipline supporting sound financial management and corporate governance.

## 5. **Options Considered**

- 5.1 Completion of the statement is best practice and demonstrates the transparency of the Council's Governance arrangements for 2022/23.

## 6. **Legal and Statutory Implications**

- 6.1 The Council must comply with the Accounts and Audit Regulations 2015, in particular the requirement to publish an AGS with the financial statements.

## 7. **Equality Impact Assessment**

- 7.1 There are no differential equality issues arising directly from this report.

## 8. **Financial and Resource Implications**

- 8.1 There are no specific financial implications arising from the AGS, resource requirement linked to action plans will be brought to members as separate projects if required.

## 9. **Major Risks**

- 9.1 If internal controls are not managed effectively and within the law, public resources will not be safeguarded from waste or property accounted for.
- 9.2 If internal controls are not reviewed regularly, continuous improvement may not be exercised.

## 10. **UN Sustainable Development Goals (UNSDG)**

- 10.1 Not applicable for this report.

11. **Key Decision Information**

11.1 This is not a key decision, the report is for informational purposes and is considered best practice.

12. **Earlier Cabinet/Committee Resolutions**

12.1 Not applicable for this report.

13. **List of Appendices**

13.1 Appendix A – Annual Governance Statement 2022/23.

14. **Background Papers**

- Managers Assurance Statements,
- CIPFA guidance – Delivering good governance in Local Government

## Annual Governance Statement 2022/23

### 1.0 Scope of Responsibility

- 1.1 Newcastle-under-Lyme Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Newcastle-under-Lyme Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Newcastle-under-Lyme Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Newcastle-under-Lyme Borough Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code is available on the Council's website.

Or can be obtained from Service Director for Finance (Section 151 Officer), Castle House, Barracks Road, Newcastle, Staffordshire, ST5 1BL

- 1.4 This statement explains how Newcastle-under-Lyme Borough Council complies with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, Regulation 6(1), which requires all relevant bodies to prepare an Annual Governance Statement.

### 2.0 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. 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. To demonstrate compliance with the principles of good corporate governance, the council must ensure that it does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 2.2 Good governance is crucial as it leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for residents and service users. Further, good governance enables an authority to pursue its aims effectively whilst controlling and managing risk.
- 2.3 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 and embedded process designed to identify and prioritise the risks to the achievement of Newcastle-under-Lyme Borough 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.
- 2.4 The governance framework has been in place at Newcastle-under-Lyme Borough Council for the year ended 31 March 2023 and up to the date of approval of the Statement of Accounts.

# GOVERNANCE ROLES & RESPONSIBILITIES

- Exercise power to call-in executive decisions
- Scrutinise items on Forward Plan
- Monitor performance and budgets
- Agree scrutiny inquiry programme

- Provide Annual Audit Letter
- Undertake Financial Statement Audit
- Develop and Publish a value for Money Conclusion
- Develop and deliver an Audit Process and Strategy

- Prepare Annual Governance Statement
- Identify and collate sources of assurance
- Complete 'Assurance Framework document
- Develop and maintain Risk Management Policy
- Develop and manage Strategic Risk Register with EMT

## Financial Management

- Develop Medium Term Financial Forecast that is aligned with key programmes and priorities
- Safeguard public monies
- Promote, support and deliver good financial management
- Provide financial input on all major decisions

- Facilitate staff recruitment & selection
- Develop and provide Learning & Development opportunities including new staff induction
- Develop and maintain range of HR policies including Performance & Development reviews, Codes of Conduct, Conditions of Service etc.

## Standards, Assurance / Ethics

- Oversee standards of ethics and probity
- Promote openness, accountability and probity
- Advise on Members' Interests
- Investigate alleged breaches of Members Code of Conduct
- Seek assurance on the risk management framework and internal control environment
- Ensure that assets are safeguarded and proper accounting records maintained
- Ensure independence of audit
- Monitor financial and non-financial risks (including measures to protect and respond to fraud)

## Asset Management

- Manage and maintain Property Asset database
- Manage property acquisitions and disposals
- Undertake stock condition surveys

## Executive Management Team

- Lead the Executive Management Team in driving forward strategic agenda
- Organise and manage service delivery
- Develop and deliver Council Strategy

## Service Delivery

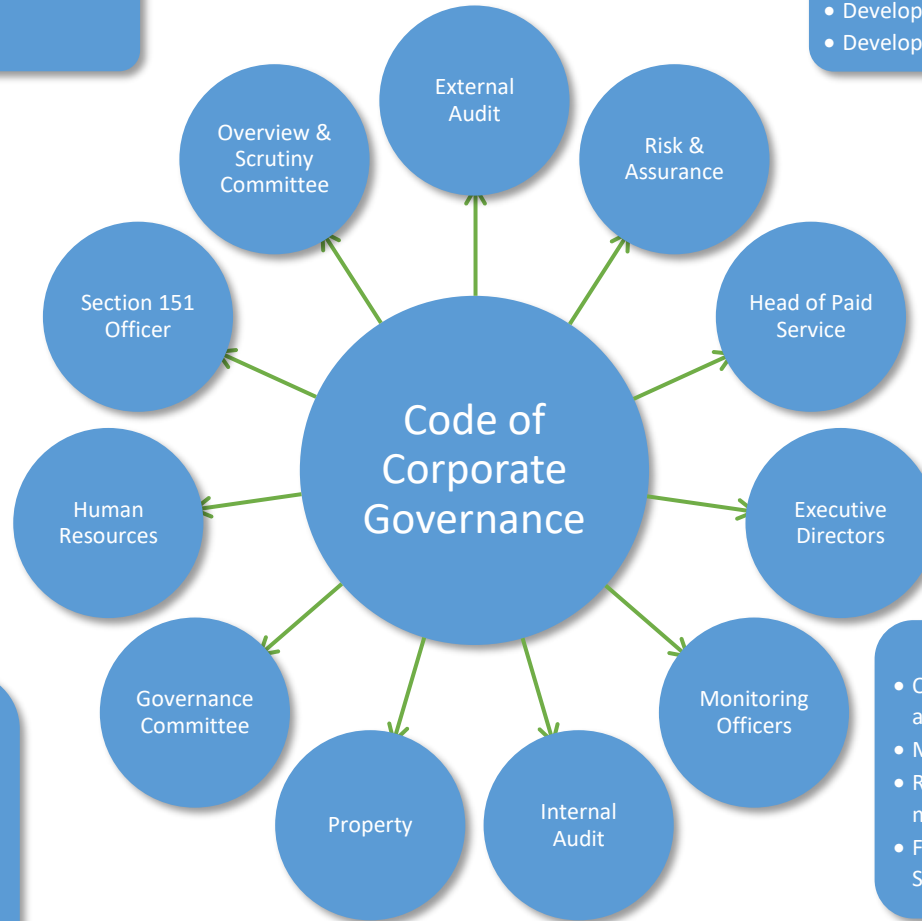
- Develop Business Plans that are aligned with key programmes and priorities
- Review and manage performance and budgets
- Manage and mitigate risk
- Respond to inspection and other assurance type reviews or reports

## Legal & Ethical Assurance

- Oversee compliance with established policies, procedures, laws and regulation
- Monitor ethical standards
- Report actual or potential breaches of the law, or maladministration
- Facilitate annual review of Council Constitution including Scheme of Delegation

## Assurance

- Develop and maintain Internal Audit Charter
- Produce and deliver Internal Audit Annual Plan
- Review, evaluate and report on internal controls
- Report to Governance Committee including the 'Annual Report and Opinion'
- Develop and maintain Anti-Fraud and Corruption Policy and associated policies



### 3.0 The Governance Framework

- 3.1 The fundamental function of good governance is to ensure that the council achieves its intended outcomes while acting in the public interest at all times. The following core, high level, principles in Sections A to G reflect the 7 core principles of good governance in the public sector which are derived from the 'Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)'.
- 3.2 The Council operates a number of systems, policies and procedures that constitute or contribute to the operation of the internal control environment and support the principles set out in the Code of Corporate Governance as detailed in the tables below:

| Core Principle A  | Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law. |
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| <ul style="list-style-type: none"> <li>• <b>Behaving with integrity:</b> <ul style="list-style-type: none"> <li>- The Council has in place Codes of Conduct for both Members and Officers which set out requirements that support the need to behave with integrity,</li> <li>- The Council has a set of values which are underpinned by a set of expected behaviours,</li> <li>- All new members and officers are made aware of the Code of Conduct when they join the Council,</li> <li>- The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.</li> <li>- The Constitution is divided into 6 sections which set out the basic rules governing the council's business. The Constitution is published on the council's website.</li> </ul> </li> <li>• <b>Demonstrating strong commitment to ethical values:</b> <ul style="list-style-type: none"> <li>- The council has a framework of policies that incorporate Anti-Fraud &amp; Corruption, Anti- Money Laundering and a Whistleblowing Policy all of which are designed to in the first instance discourage inappropriate behaviour and then secondly encourage both Members and Officers to voice any concerns they have and report any instances found,</li> <li>- Members are required to renew their declaration of interests annually and also declare any relevant interests at meetings. There is also a register of gifts and hospitality,</li> <li>- Employees are required to notify their Service Director about any potential conflict of interest,</li> <li>- A register of gifts and hospitality is maintained by the Corporate Leadership Secretarial Team.</li> </ul> </li> <li>• <b>Respecting the rule of law:</b> <ul style="list-style-type: none"> <li>- The Council has in place a Monitoring Officer who works with Members and Officers to ensure that the law is adhered to,</li> <li>- Legal advice is given in reports for all decisions to be taken by Members and Officers are also required to take advice where required.</li> </ul> </li> </ul> |  |

| Core Principle B  | Ensuring openness and comprehensive stakeholder engagement |
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| <ul style="list-style-type: none"> <li>• <b>Openness:</b> <ul style="list-style-type: none"> <li>- All meetings of the Council are held in public unless the Part II requirements of the local authorities (Executive Arrangements) (Access to Information) Regulations 2000, are met in terms of confidentiality,</li> <li>- Copies of all minutes and agendas are available on the Councils website. All reports contain details of options considered and the advice provided by officers regarding legal and financial implications. The minutes include the reasons behind the decisions made,</li> <li>- The Council has a Freedom of Information Scheme in place and seeks to publish information openly on its website wherever possible and practicable to do so.</li> </ul> </li> <li>• <b>Engaging comprehensively with institutional stakeholders:</b> <ul style="list-style-type: none"> <li>- The Council has in place a Communications Strategy which sets out how we will communicate with our residents, service users and stakeholders,</li> <li>- Since 2019/20 The Council has been part of the Staffordshire and Stoke-on-Trent Business Rate Pool,</li> <li>- The Council is 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 the Borough.</li> </ul> </li> <li>• <b>Engaging with individual residents and service users effectively:</b> <ul style="list-style-type: none"> <li>- The Council has a consultation framework and toolkit in place and provides details of all on-going consultation exercises/surveys on its website,</li> <li>- Whenever we seek the views from the community we provide feedback on the information received and let our residents know how it has or will be used to help shape Council decisions,</li> </ul> </li> </ul> |  |

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| <b>Core Principle B</b>  | <b>Ensuring openness and comprehensive stakeholder engagement</b> |
| <ul style="list-style-type: none"> <li>- Where appropriate, public consultation is used to seek the views of residents and stakeholders. For example, a public engagement exercise was undertaken with residents and stakeholders on the draft budget proposals. The aim of this engagement exercise was to: <ul style="list-style-type: none"> <li>▪ Communicate clearly to residents and stakeholders the budget proposals for 2023/24,</li> <li>▪ Ensure any resident, business or stakeholder who wished to comment on the proposals had the opportunity to do so, enabling them to raise any impacts the proposals may have,</li> <li>▪ Allow participants to propose alternative suggestions for consideration which they feel could achieve the objectives in a different way.</li> </ul> </li> <li>- The Council carried out a consultation with its officers via its Wellbeing survey. This survey focused 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 Human Resources Department and this was communicated to all staff.</li> </ul> |   |

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| <b>Core Principle C</b>   | <b>Defining outcomes in terms of sustainable economic, social and environmental benefits</b> |
| <ul style="list-style-type: none"> <li>• <b>Defining outcomes:</b> <ul style="list-style-type: none"> <li>- The Council has a clear vision of what it wants to achieve, which is set out in its Council Plan 2022-2026 and supported by the Medium Term Financial Strategy. The vision and priorities have been informed by an analysis of needs for the Borough and also via consultation with key stakeholders and the public,</li> <li>- Each service has a Priority Delivery Plan that outlines outcomes to be achieved and how they link to the Council Plan.</li> <li>- The Council priorities are; <ul style="list-style-type: none"> <li>▪ One Council delivering for local people</li> <li>▪ A successful and sustainable growing borough</li> <li>▪ Healthy, active and safe communities</li> <li>▪ Town centres for all</li> </ul> </li> </ul> </li> <li>• <b>Sustainable economic, social and environmental benefits:</b> <ul style="list-style-type: none"> <li>- A Sustainable Community Strategy is in place which aims to create an environment where local people can articulate their priorities, needs and aspirations,</li> <li>- In addition the Capital Strategy sets out the principles and objectives which the Council has identified for its capital investment and how its capital plans link to other strategies and areas of activity of the Council and its partners, this now extends to a 10 year period,</li> <li>- The Council's day to day services support the delivery of the Council Plan, performance in delivering the objectives are monitored by the Corporate Leadership Team (Officers), the Cabinet and Scrutiny Committees (Members). The Council Plan can be viewed on the Council website at <a href="https://www.newcastle-staffs.gov.uk/policies-1/council-plan-2022-2026/6">https://www.newcastle-staffs.gov.uk/policies-1/council-plan-2022-2026/6</a></li> </ul> </li> </ul> |  |

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| <b>Core Principle D</b>  | <b>Determining and planning the actions necessary to optimise the achievement of the intended outcomes</b> |
| <ul style="list-style-type: none"> <li>• <b>Determining Interventions:</b> <ul style="list-style-type: none"> <li>- The principles of decision making are detailed in the Councils constitution, however the council has in place a robust decision-making process with all cabinet reports being considered by the Corporate Leadership Team to give a view on the strategic implications. Additionally, report authors should seek clearance from all corporate services, including legal and finance, for reports prior to publication. All reports follow a standard template which identifies the decision maker, the decision or action required, why the report is recommended and alternative options considered.</li> <li>- A calendar of meetings is approved and agreed by Full Council covering the period of the Council Plan 2022-2026.</li> </ul> </li> <li>• <b>Planning Interventions:</b> <ul style="list-style-type: none"> <li>- The Council's Forward Plan details all the reports relating to key decisions and the timescales within which they will be presented,</li> <li>- Priority Delivery Plans are produced annually which set out the planned activities for each service area for that year.</li> <li>- Performance monitoring is undertaken to understand if and how the priorities identified within the Council Plan are being achieved. This is undertaken through service planning and identification of key performance indicators to show how services help to achieve the priorities of the council. A number of corporate Indicators</li> </ul> </li> </ul> |  |

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| <b>Core Principle D</b>   | <b>Determining and planning the actions necessary to optimise the achievement of the intended outcomes</b> |
| <p>have been identified and are reported quarterly to the Corporate Leadership Team, Cabinet Members and Scrutiny Committee.</p> <ul style="list-style-type: none"> <li>- Additionally, an update on all major projects is reported to the Corporate Leadership Team on a monthly basis to review project progress and identify any key issues and risks, with actions identified and monitored as relevant. This is then reported in summary to Cabinet Members.</li> </ul> <ul style="list-style-type: none"> <li>• <b>Optimising the achievement of intended outcomes:</b> <ul style="list-style-type: none"> <li>- The Medium Term Financial Strategy considers any changes that are required to be made to the base budget to ensure that service priorities are affordable and achievable,</li> <li>- The budget process takes account of the full cost of service delivery over the medium and longer terms,</li> <li>- The budget setting process ensures that a robust and balanced budget is approved,</li> <li>- The budget setting process allows for investment which is intended to bring future efficiencies.</li> </ul> </li> </ul> |  |

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| <b>Core Principle E</b>   | <b>Developing the Council's capacity, including the capability of its leaders and the individuals within it. This includes ensuring effective relationships and a clear understanding of the roles and responsibilities of Members and Officers.</b> |
| <ul style="list-style-type: none"> <li>• <b>Developing the councils capacity:</b> <ul style="list-style-type: none"> <li>- The Council regularly reviews its activities to ensure continuous improvement of service delivery,</li> <li>- The Council works closely with its partners to ensure the delivery of agreed outcomes to the community.</li> <li>- The Council has a Workforce Development Plan which is currently being updated in order to capture the Council's capacity needs.</li> </ul> </li> <li>• <b>Developing the capability of the entity's leadership and other individuals:</b> <ul style="list-style-type: none"> <li>- The roles of Members, Committees, Officers and Statutory Officers are set out in the Council's Constitution, which is available on the Council's website,</li> <li>- The Council has a scheme of delegation in place which forms part of the Constitution, this sets out the types of decision made by the council and who can make these,</li> <li>- The Constitution also contains Financial Regulations and Contract Procedures which provide a framework for Officers to follow when running their services and making decisions,</li> <li>- An induction programme is in place to provide training and support for all new members and officers,</li> <li>- All officers have an annual appraisal to review performance and identify any training and development needs,</li> <li>- A member development programme is in place in respect of members to identify all their training needs,</li> <li>- The Council is committed to supporting the health and well-being of the workforce through appropriate Human Resource policies, working practices and access to an occupational health service.</li> </ul> </li> </ul> |  |

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| <b>Core Principle F</b>   | <b>Managing risks, performance and data through robust internal control and strong public financial management.</b> |
| <ul style="list-style-type: none"> <li>• <b>Managing Risk:</b> <ul style="list-style-type: none"> <li>- The Council has a risk management policy and strategy in place, which is reviewed and approved annually,</li> <li>- A strategic risk register is maintained by the Corporate Leadership Team, progress is monitored on a quarterly basis by the Audit and Standards Committee,</li> <li>- Operational risks are identified and managed by Service Directors; these are reviewed and monitored quarterly.</li> <li>- The Council's Audit and Standards Committee has responsibility to provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment and the integrity of the financial reporting and annual governance statement process. This committee receives periodic reports regarding risk management and approves the risk management policy. This committee undertakes the core functions of an audit committee and operates in accordance with CIPFA guidance.</li> </ul> </li> <li>• <b>Managing Performance:</b> <ul style="list-style-type: none"> <li>- Service Directors and Business Managers are responsible operationally for the performance in delivering day to day services. This in turn is monitored by the Corporate Leadership Team,,</li> <li>- The performance of delivering the Council's priorities is monitored by Cabinet,</li> <li>- The Council Plan 2022-2026 is monitored by the Council's Scrutiny Committee which reviews performance and financial monitoring information to support the delivery of the Council Plan and budget strategy. The Annual Statement of Accounts contains a review of key achievements and performance made against the Council Plan.</li> </ul> </li> <li>• <b>Robust internal control:</b> <ul style="list-style-type: none"> <li>- The internal control framework comprises a range of policies and procedures to ensure sound management</li> </ul> </li> </ul> |   |



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| <b>Core Principle F</b>   | <b>Managing risks, performance and data through robust internal control and strong public financial management.</b> |
| <p>of the Council's operation and delivery of services,</p> <ul style="list-style-type: none"> <li>- Internal Audit undertakes reviews of systems that comprise the internal control and governance framework, it provides assurance and where necessary makes recommendations for improvement,</li> <li>- The Audit and Standards Committee receives reports with regards to the internal control framework. In addition quarterly reports are presented in respect of the progress and completion of the audit plan and the implementation of outstanding recommendations.</li> </ul> <p>• <b>Managing Data:</b></p> <ul style="list-style-type: none"> <li>- The Council has a suite of Information Security Policies to ensure and maintain the integrity of the data that it holds,</li> <li>- The GDPR introduced a requirement for accountability and governance in discharging the Council's obligations as data controller. The Council has established an Information Governance Group. The role of this group is to oversee the effectiveness, compliance and governance of information practice across the Council. The group is led by the Service Director for Legal and Governance, as the senior responsible officer, with officers from all service areas across the Council. The group usually meets bi-monthly and reports once a month to the Council's Corporate Leadership Team to monitor compliance,</li> <li>- Data protection training is mandatory for all employees of the Council and temporary members of staff and an online training module is available for elected Council Members,</li> <li>- The Council recognises that Cyber Security is a persistent and growing threat to the systems and data that the Council holds and uses. It therefore recognised that reviews of Cyber Security and the associated awareness for staff and councillors is not a one-off exercise. The council will keep technology, threats and education under constant review to ensure it is meeting with its obligations for all systems regardless of setting.</li> </ul> <p>• <b>Strong public financial management:</b></p> <ul style="list-style-type: none"> <li>- The Service Director for Finance as the Councils Section 151 Officer is appropriately qualified and complies with the CIPFA statement on the Role of the Chief Finance Officer. 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: <ul style="list-style-type: none"> <li>▪ A key member of the Corporate Leadership Team,</li> <li>▪ Actively involved in, and able to bring influence to bear on, all material business decisions to ensure alignment with the Council's financial strategy,</li> <li>▪ The lead for the promotion and delivery, by the whole Council, of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively,</li> <li>▪ Professionally qualified and suitably experienced,</li> <li>▪ Able to lead and direct a finance function that is resourced to be fit for purpose.</li> </ul> </li> <li>- The Service Director for Finance (S151 Officer) prepares and advises the Council on its Medium Term Financial Strategy and the Budget,</li> <li>- Regular budget monitoring reports are provided to Members and Officers,</li> <li>- Financial Regulations and Contract procedures provide a framework for the day to day management of the Council's financial transactions,</li> <li>- The CIPFA Financial Management Code has been adopted and is complied with.</li> <li>- The Council maintains an internal audit function which operates to the standards set out in the 'Public Sector Internal Audit Standards'. An assessment against the standard is carried out each year with the outcome being reported to the Audit and Accounts committee as part of the chief internal auditor's annual report. A chief internal auditor protocol, to ensure that arrangements operated by the council meet the requirements of the CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations, has been included in the constitution.</li> </ul> |   |

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| <b>Core Principle G</b>  | <b>Implementing good practices in transparency, reporting and assurance (including audit) to deliver effective accountability.</b> |
| <p>• <b>Implementing good practice in transparency and reporting:</b></p> <ul style="list-style-type: none"> <li>- The council is committed to openness and transparency and publishing as much Council data as it can in order to increase accountability.</li> <li>- The following information is reported annually to Members and is available on the Council's website: <ul style="list-style-type: none"> <li>▪ Performance in delivering the Council's priorities,</li> <li>▪ Statement of Accounts,</li> <li>▪ Annual Governance Statement,</li> <li>▪ Annual Internal Audit Report,</li> </ul> </li> </ul> |  |

| Core Principle G | Implementing good practices in transparency, reporting and assurance (including audit) to deliver effective accountability.   |
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|                  | <ul style="list-style-type: none"> <li>▪ Annual External Audit Letter,</li> <li>- In addition to the above, the Council has a transparency page on the website which provides public access to information in accordance with the Local Government Transparency Code.</li> <li>- The Council's constitution sets out how decisions are made and specific reference to decision making by Council, Cabinet, committees and subcommittees established by the Council and scrutinised by the Scrutiny Committees. The constitution includes the officer Scheme of Delegation which sets out the powers and functions that are delegated to named council officers. The compilation of a Register of Delegated powers is a statutory requirement and is maintained by the Service Director for Legal and Governance.</li> </ul> <ul style="list-style-type: none"> <li>• <b>Assurance and effective accountability</b> <ul style="list-style-type: none"> <li>- Internal Audit provides assurance throughout the year on the key systems of internal control,</li> <li>- The External Auditor provides assurance on the Council's financial statement,</li> <li>- The Council's governance arrangements are reviewed on an annual basis,</li> <li>- There is a Corporate Complaints, Compliments and Comments Policy in place,</li> <li>- Independent reviews of council services are undertaken from time to time, any feedback in respect of such reviews are noted and acted upon accordingly,</li> <li>- The Statutory Officers Group and Corporate Assurance Group review all corporate complaints, compliments and comments.</li> </ul> </li> </ul> |

3.2 A key element of the Council's governance arrangements concerns safeguarding. Newcastle-under-Lyme Borough Council has both a moral and legal obligation to ensure a duty of care for children and vulnerable adults across all its services. As a Council we are committed to ensuring that all children and vulnerable adults are protected and kept safe from harm whilst engaged in services organised and provided by us. We ensure this by;

- Having a Safeguarding Policy in place,
- Mandatory training in place for all Members and Officers,
- Carrying out the appropriate level of Disclosure and Barring Service (DBS) checks for employees,
- Working closely with the Staffordshire Safeguarding Children's Board & Staffordshire and Stoke-on-Trent Adult Safeguarding Partnership.

#### 4.0 Review of Effectiveness

4.1 Newcastle-under-Lyme Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Executive Management Team within the authority who have responsibility for the development and maintenance of the governance and internal control environment and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 The Code of Corporate Governance adopted by Newcastle-under-Lyme Borough Council demonstrates the Council is committed to ensuring that the principles of good governance flow from a shared ethos or culture, as well as from sound management systems, structures, and processes that are transparent to all its stakeholders. By making explicit the high standards of self-governance the Council aims to provide a lead to potential partners, to the public, private or voluntary sectors and to all residents.

4.3 The Audit and Standards Committee monitors effectively the system of internal control, this has been demonstrated through the completion of a self-assessment against CIPFA's checklist on 'Measuring the effectiveness of the Audit Committee'. The Committee receives regular reports on both the Audit and Risk issues and has demonstrated effective challenge to senior officers in instances of non-compliance; it can therefore be relied upon when considering the Annual Governance Statement for 2022/23.

4.4 The Scrutiny function continues to ensure effective monitoring and challenge. There are Scrutiny Committees that reflect each of the Council's Corporate Priorities. The terms of reference for each of these committees ensure that performance is effectively monitored and challenged.

- 4.5 Internal Audit is responsible for monitoring the quality and effectiveness of the systems of internal control. A risk model is used to formulate a twelve month plan which is approved by the Audit and Standards Committee, and from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Executive Director. The report includes recommendations for improvements that are included within an action plan and require agreement, or challenge, by Directors. The process includes follow ups on a monthly basis, the results of which are reported quarterly to the Audit and Standards Committee in terms of fundamental recommendations and the level of assurance that can be given for that directorate based on the implementation of their recommendations. Internal Audit has continued to receive positive feedback from External Audit with regards to the coverage of their work and high professional standards.
- 4.6 Internal Audit can provide a level of assurance that the Council's systems of internal control are operating adequately, from their work in 2022/23.
- 4.7 An assessment of the role of the Chief Finance Officer (CFO) has been completed in accordance with the 'CIPFA Statement on the role of the Chief Financial Officer in public service organisations'. The statement produced by CIPFA seeks to strengthen governance and financial management throughout the public sector, in addition it sets out the core responsibilities, personal skills and professional standards that are crucial to the role. It requires that the CFO is professionally qualified, reports directly to the Chief Executive and is a member of the Leadership team. Having undertaken the assessment of the role of the CFO within the Council it can be confirmed that the Authority complies with this statement.
- 4.8 The role of the Head of Internal Audit has been reviewed in accordance with 'CIPFA Statement on the role of the Head of Internal Audit'. The role of the Head of Internal Audit occupies a critical position within any organisation helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role on promoting good corporate governance. The main aim of the CIPFA statement is to promote and raise the profile of the Head of Internal Audit within public service organisations. The Council's current arrangements for the provision of Internal Audit, in partnership with Stoke-on-Trent City Council, ensure that the objectives of this role are achieved.
- 4.9 The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council keeps the Constitution under review throughout the year, with a report setting out changes to be consolidated to Council on an annual basis.
- 4.10 Managers Assurance Statements are produced annually by Service Directors. These statements provide a level of assurance with regards to the adequacy of internal controls within their own Service Areas.
- 4.11 There are various specialist working groups, i.e. Statutory Officers' Group, Capital, Assets and Commercial Investment Review Group, Corporate Governance, Information Governance, Procurement, and Corporate Health and Safety, that agree, oversee and review the various disciplines giving assurance that the Council complies with statute, identifies and manages its risks.
- 4.12 The External Auditors, Grant Thornton gave an unqualified opinion on the 2021/22 Accounts, in their Annual Report. In addition their review of the Council's governance arrangements advised that no evidence or indication of significant risks were found.
- 4.13 The Council has a zero tolerance to Fraud and Corruption, the Anti-Fraud and Corruption Framework, Fraud Response Plan and Whistleblowing Policy are in place to help deliver our commitment to protecting public funds and ensuring that all Council activities are carried out in accordance with the principles of openness, honesty and integrity. The commitment to deterring fraud and corruption is actively promoted throughout the organisation. Anyone who has any concerns about any aspect of the Council's work is actively encouraged to come forward and voice those concerns.

## 5.0 Significant Governance Issues

- 5.1 The following matters have been identified as issues that need to be addressed in order to further improve the Council's overall governance arrangements;
- To continue to raise the profile and status of information security and governance throughout the Council. Work to ensure that information security and data protection requirements and legislation are complied with, is to be continued. A review will be completed on data retention/storage/disposal to ensure continued compliance,

- To ensure that the Council continues to deliver services that meet the needs of our customers and respond to any issues our customers may have with the current level of service provision. Working with our partners we will ensure that we can deliver effectively and efficiently against residents/customer requirements,
- Consideration will be given on how to keep partners better informed on the progress of regeneration projects,
- To ensure that our services demonstrate value for money we will continue to review all service areas against best practice and implement actions outlined in Priority Delivery Plans, in addition we will seek to improve efficiencies across all Council services through the One Council Programme and ensure that the savings identified from this process can be realised,
- To develop the commercial skill sets of Officers and the Council's investment capacity in order to support the Council's long term financial sustainability. Whilst it is recognised that the Council has strong financial management, it is important to continue to promote joint responsibility and accountability for the financial health of the organisation,
- To continue to improve practical guidance to governance in order to provide clearer understanding of processes to be followed throughout the organisation, starting with a review and update of the Financial and Contract Procedure Rules,
- A new Digital Strategy is being drafted to highlight areas for future service delivery improvements,
- A Project Register will be produced detailing all projects the Council is working on (capital and revenue). The Project Register will detail the nature of the project the project delivery service, responsible officer, details of cost and details of any partners involved.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and recently completed Corporate Peer Review.

## 6.0 Conclusion

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

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Martin Hamilton**

**Chief Executive**

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Cllr Simon Tagg**

**Leader of the Council**