

**DRAFT**

**Annual Governance Statement**

**2018/19**

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

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## 1. Introduction

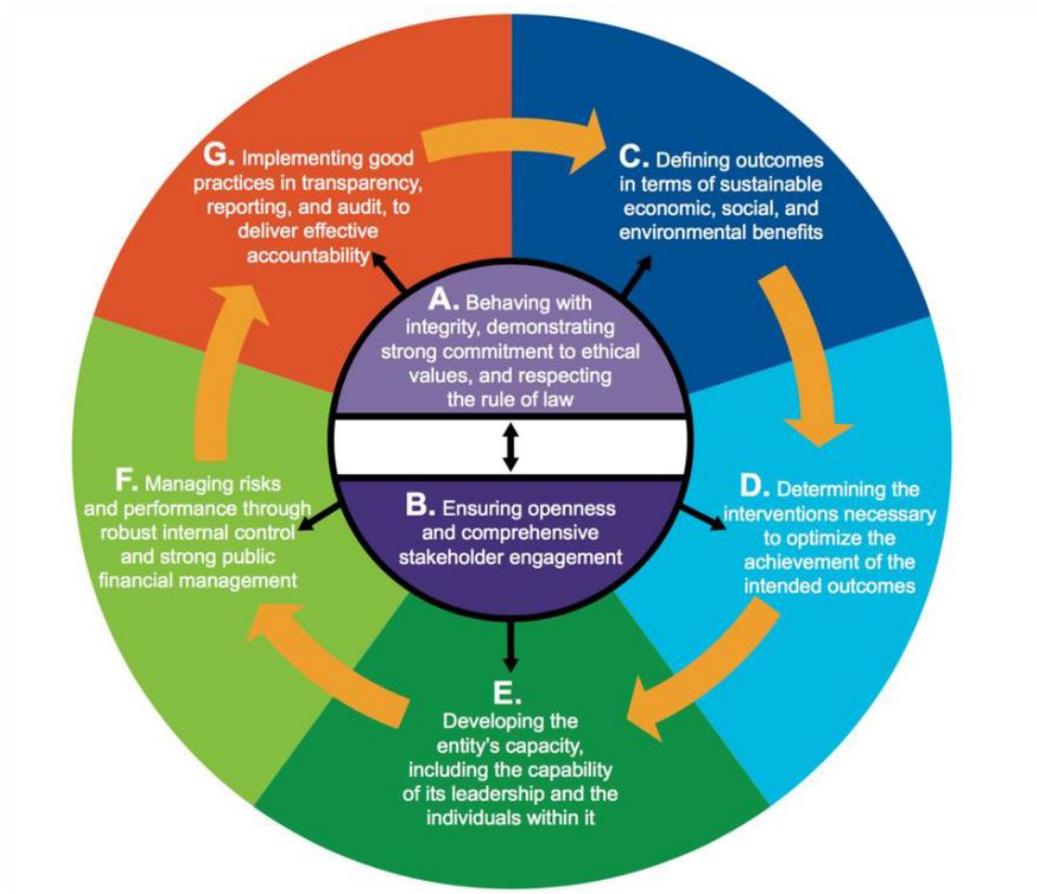
- 1.1 Each year the City Council produces a governance statement that explains how it makes decisions, manages its resources and promotes values and high standards of conduct and behaviour. This statement complies with regulation 6(2) of the Accounts and Audit Regulations 2015.
- 1.2 Stoke-on-Trent City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, correctly accounted for, used economically, efficiently and effectively to deliver quality services to the community it serves.
- 1.3 The council is committed to embedding and achieving a robust set of corporate governance arrangements. The council is managed within a robust framework as set out in the City Council Constitution, which clearly outlines how the council operates, how decisions are made and what procedures need to be followed to ensure the council is efficient, transparent and accountable to its local residents and stakeholders.
- 1.4 The Annual Governance Statement reports on:
  - i. how the council complies with its own governance arrangements;
  - ii. how the council monitors the effectiveness of the governance arrangements and;
  - iii. what improvements or changes in governance arrangements are proposed during the forthcoming year.
- 1.5 The footnotes provided are internet links which will take you to the specific supporting documents and appropriate web pages.

## 2. Scope of Responsibility

- 2.1 Stoke-on-Trent City Council is responsible for ensuring that its services are provided and conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Local Government Act 1999 also places a duty on all councils to secure continuous improvement and to demonstrate economy, efficiency and effectiveness.
- 2.2 In discharging this overall responsibility, the City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk.

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2.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) and The International Federation of Accountants (IFAC) identified seven key principles relating to governance in their document *International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014)*. A summary of the Seven Principles of Good Governance in the public sector and how they relate to each other is shown below:



International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework')

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## The Purpose of the Governance Framework

- 2.4 The Governance Framework comprises the systems and processes, culture and values by which Stoke-on-Trent City Council is directed and controlled. This, together with its activities and leadership, enables it to monitor and manage its performance for delivering cost effective services.
- 2.5 Effective performance and risk management allows the council to have increased confidence in achieving its objectives and also allows the citizens of Stoke-on-Trent to have increased assurance in the council's governance arrangements and its ability to deliver.
- 2.6 The system of internal control is a significant part of the governance framework and is designed to manage risk to an acceptable level. Risk cannot be eliminated and therefore controls can only provide reasonable and not absolute assurance of effectiveness. Internal Control is based on a process to:
- Identify and prioritise risks that prevent the achievement of the council aims and objectives;
  - Evaluate the likelihood that risks are realised and their impact;
  - The appropriate management of those risks.
- 2.7 The council has a number of committees that challenge and review the options considered and actions taken by the council. The aim is to ensure that robust decisions are made that focus on achieving the best strategic outcomes for local residents within the available level of resources.
- 2.8 The council has an Audit Committee,<sup>1</sup> which, has as part of its function the responsibility of considering the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements, and seek assurance that action is being taken on issues identified by auditors and inspectors. In discharging this function, the Audit Committee will ensure compliance with such codes, protocols, statements and policies as are necessary to meet its responsibilities, which includes the appropriate arrangements for the management of risk.

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<sup>1</sup> <http://www.moderngov.stoke.gov.uk/mgCommitteeDetails.aspx?ID=406>

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## 3. The 2018/19 Governance Framework

- 3.1 The CIPFA/IFAC framework (Good Governance in the Public Sector), provides advice and indicators to good governance which affords the council the opportunity to review and test its governance and structures in delivering best practice.
- 3.2 The CIPFA/IFAC framework identifies the seven core principles of good governance as:
1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  2. Ensuring openness and comprehensive stakeholder engagement.
  3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
  4. Determining the interventions necessary to optimize the achievement of the intended outcomes.
  5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
  6. Managing risks and performance through robust internal control and strong public financial management.
  7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 3.3 The governance framework covered by this statement has been in place at Stoke-on-Trent City Council for the year ended 31 March 2019 and is considered up to May 2019. An assessment of the council's governance arrangements against each core principle is attached at Appendix 1.
- 3.4 The council acknowledges the continuing governance challenges presented through reduced funding and continuing high demand in both Adult Social Care and Children and Family Services. In responding to such challenges the council aims to grow its own income streams to support service delivery, reduce the city's reliance upon Revenue Support Grant and attract new businesses, create new jobs and provide new homes. This will involve working closely with partners, other authorities and organisations and exploring different ways of delivering services. There will be a focus on housing and business growth and the infrastructure that supports it, to deliver the future income streams (including council tax and business rates) needed to support and maintain the services of the council.
- 3.5 Fortior Homes, a wholly owned council company, was established in October 2016 as a catalyst for development, with the objective of harnessing the opportunities available to positively affect the quantum and quality of housing to meet rising demand in Stoke on Trent. The governance arrangements and Business Plan were formally adopted at the first Board meeting in January 2017. Fortior Homes has been set up as a wholly owned subsidiary of the City Council with very clear purposes in mind namely to provide a commercial return to the Council, help change the housing market both in terms of options and confidence and undertake the type of housing business the Council cannot currently do and others will not do at this point in the market.
- 3.6 In February 2018 the council officially launched a housing repairs and maintenance company to improve services for tenants and raise housing standards in the city. Unitas is a wholly-owned subsidiary of the city council and will deliver repairs and maintenance services to Stoke-on-Trent's

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18,500 council homes and 600 public buildings. In setting up this Company; officers, systems and other organisational elements from both Kier (the former providers under a joint venture arrangement) and the Authority were combined to establish an effective service for both its clients and shareholders. The Company's Senior Leadership Team is accountable to its Board which includes both Members and officers of the Authority. Governance arrangements between the Company and the Authority also included a Partnership Board; reporting to relevant Operational Business Meetings of the Authority and attending the Housing Management Board meetings.

- 3.7 As part of internal processes where procedural/control issues have been identified through routine audits, inspections or review, recommendations have been reported to management and are monitored and regularly reviewed by managers and senior officers through to completion. Despite increasingly difficult financial challenges work continues on delivering a council wide savings programme and corporate restructure whilst continuing to meet its statutory obligations. Maximising opportunities through further development of a commercial approach and exploring the options for income generation form a key part of the council's strategy.

## 4. Review of Effectiveness

- 4.1 A review of the council's governance arrangements draws on several sources including:

- Service updates from individual service managers
- Reviews of partnership governance arrangements
- External inspections by government agencies
- Internal Audit reviews which consider and report upon compliance with corporate policies and procedures
- External audit reports

- 4.2 The Audit Committee plays a key role in the Council's review of the effectiveness of its governance framework. It seeks assurance on the adequacy of the Council's risk management, control and governance arrangements.

- 4.3 The Audit Committee's self-assessment against updated CIPFA guidance was updated in April 2018. The Committee was assessed as substantially compliant in 3 of the 4 areas. Actions to ensure the Committee becomes fully compliant continue to be addressed and regular updates have been reported to Committee meetings during 2018/19.

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## Internal Audit and Review

- 4.4 The City Council has a strong Internal Audit function and protocols for working with External Audit. The arrangements for the provision of Internal Audit are contained within the Council's Financial Regulations which are included within the Constitution. The Assistant Director, Finance, as Section 151 Officer is responsible for ensuring that there is an adequate and effective system of Internal Audit of the Council's accounting and other systems of internal control, as required by the Accounts and Audit Regulations 2015.
- 4.5 In 2017 CIPFA published revised Public Sector Internal Audit Standards to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector. The City Council has adopted these standards and Internal Audit has carried out self-assessments with areas for improvement being addressed. An external review was undertaken in February 2018. This gave the council's internal audit service the highest category of "Generally Conforms" to the requirements of the Public Sector Internal Audit Standards and those of the Local Government Application Note. An action plan was produced to implement the three recommendations and ten suggestions from the review. Progress on this is positive and all recommendations have now been completed.
- 4.6 Internal Audit's Annual Plan is prioritised by a combination of key and statutory systems' assessments and reviews on the basis of risk, and the Council's corporate governance arrangements. The work incorporates reviews of the main financial systems, other systems identified as high risk, grant certification work and the continued development of proactive fraud work. The resulting work plan is discussed and agreed with Directors, the Audit Committee and shared with the Council's external auditor. Regular meetings between internal and external audit ensure that duplication of effort is avoided. All planned audit reports include an assessment of the adequacy of internal control and a prioritised action plan to address any areas needing improvement where for example, controls need to be improved or the overall control environment strengthened. These are provided to Directors, and other officers as appropriate, and a summary is provided to Members on a quarterly basis.
- 4.7 The Internal Audit review of the council's control environment is set out in the annual report to Audit Committee which concluded that from the work carried out during 2018/19, the level of assurance on the adequacy and effectiveness of the City Council's control environment is Satisfactory.

## External Audit and Review

- 4.8 Ernst Young LLP have been appointed by the Public Sector Auditor Appointments (PSAA<sup>2</sup>) as the council's external auditor for 2018/19, the first year of a five year period. Their annual work programme is set in accordance with the Code of Audit Practice issued by the National Audit Office and includes nationally prescribed and locally determined activities. During 2018/19 the scope of that work was to support a conclusion and audit of the council's financial statements, its Whole of Government Accounts return and Value for Money assessment; this assessment asks whether in all significant respects, the city council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. City Council

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<sup>2</sup> PSAA website provides information regarding the National Audit Office Code of Practice in relation to audits of local authorities

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officers work closely with external audit to provide information and assurance in support of those conclusions and acts on any recommendations made as a result.

- 4.9 The Council received an unqualified Value for Money (VFM) conclusion for 2017/18 from its previous External Auditors, KMPG. In addition, the Council received an unqualified opinion on the financial statements for the previous three years. The Council noted the recommendations resulting from the report and took steps to improve areas further. A progress update on these recommendations was reported to the Audit Committee in January 2019.

## **External Inspections**

- 4.10 The Council is subject to a number of inspections by regulatory bodies on many of the services that it provides. During 2018/19 several external reviews were completed:
- 4.11 In July 2018 a follow-up visit from the West Midlands Adults Social Care Peer Challenge team took place with the lead DASS (Director of Adult Social Services) and representatives from ADASS (Association of Directors of Social Services) and LGA (Local Government Association). The purpose of this visit was to review the Local Authority's progress in addressing findings from the previous visit. The team noted considerable progress against the recommendations from July 2017, the palpable difference that the work being carried out, in conjunction with the CQC (Care Quality Commission) Local System Review Improvement Plan, was having and they identified many areas of good practice and improvement.
- 4.12 In September 2018, CQC were requested to conduct a Progress Review of three local health and care systems from the first tranche of 12 Local System reviews, which CQC considered to be the most challenged during 2017/18 (Stoke-on-Trent, York and Oxfordshire). The purpose of the Progress Review was to assess what progress had been made against the action plan developed as part of the initial review. This was conducted during November 2018 and findings noted significant progress in addressing findings from the original visit and comments from the review team included:
- 'System leaders are commended on the progress that has been made within a relatively short time-frame.'
  - 'By addressing organisational culture and relationships, engaging with and empowering staff, you have built a solid foundation on which to continue the work at pace.'
  - 'Winter planning was based on joint working, seeking advice and learning from experience and partners had greater confidence in the plan.'
  - 'There is still a lot of work to do, the challenge will be to continue and maintain the momentum.'
- 4.13 To address the findings of this review, a new improvement plan is to be developed that will drive further improvement through the local health and care system. This plan will tap into and build upon the previous improvement plan and the significant progress made. It was approved by the Health and Wellbeing Board on March 2019 that the plan will consist of 4 improvement themes with a nominated Health and Wellbeing Board member as assurance lead for each theme.

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- 4.14 In February 2019, OFSTED undertook an inspection of children's social care services. The review looked at the impact of leaders on social work practice; the experiences and progress of children who need help and protection; and children in care and care leavers. The results of the review were an overall effectiveness score of inadequate. Since the inspection the council have been working closely with the Department for Education, Local Government Association and regional improvement colleagues to take forward actions at pace. A commissioner has also now been appointed to assist the council in making the necessary improvements. The council have established an improvement board chaired by the City Director and supported by the LGA and the Cabinet member for Social Care. This has resulted in an improvement plan and immediate operational changes to areas that required immediate responses during the inspection. The council has also committed to make a multi-million pound investment as part of the Medium Term Financial Strategy to drive the changes that are needed. Regular reporting will also be undertaken to communicate progress.
- 4.15 The report identified 15 recommendations the council is committed to addressing and this will include completing the recommendations from both the 2015 single inspection framework inspection and the 2018 themed visit. The improvement plan will address key areas of culture and performance, listening to and placing the child centrally in everything that we do, management oversight, casework and social work supervision, reduction of caseloads, the quality of assessments and case recording. The report acknowledged that there is a supportive council-wide senior management team, with elected members who want to support (and constructively challenge) to improve practice and secure the best possible outcomes for all children and families. The report also highlighted 'dedicated and committed' staff across the services and that educational outcomes for children in care are 'mostly positive' when compared to national averages.
- 4.16 In Autumn 2016 the Director of Housing and Customer Services commissioned an external health check of our housing services to help us to objectively identify areas that are strong and areas that need improvement. This assessment acted as a baseline for us on how we are performing and a direction of travel as we strive to improve services. A further review was undertaken in February 2018 to review progress and this provided further areas for improvement. Actions for further improvement identified in this review now form the basis of the Housing and Customer Services Plan for Excellence. This Plan, along with audits to ensure the continued delivery of the original action plan, provides the framework and direction for continued and sustained service improvement. The Plan for Excellence is monitored and reported through OBM, along with the Service Delivery Plan, on a quarterly basis.
- 4.17 During 2018/19, a review was completed of the Community Safety Partnership. The Responsible Authorities Group was completely reviewed and new Terms of Reference were agreed along with the required attendance from partners to drive the business forward. The council have established 7 key priorities for the partnership and have developed delivery plans and a performance framework for the partnership. Each priority has a lead officer from the partnership who have the responsibility to report back to the group on progress against the delivery plans. This has provided clear purpose whilst also improving accountability across the partnership. Performance data is also now available from Staffordshire Police in relation to Crime and Anti-Social Behaviour which is used to assess progress against priority.
- 4.18 The outcome of the Council's assessment of its governance arrangements in 2018/19 is summarised below. A more detailed assessment against the seven CIPFA/IFAC principles is set out in **Appendix 1**.

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## 5. Framework – key improvement areas

5.1 The following paragraphs detail key elements of the framework which have undergone significant improvements.

### **Commercial Activity**

5.2 The Council is committed to undertaking commercial activities that support the Council's wider goals and objectives, financial sustainability and future service delivery. The council is taking a strategic lead on commercialisation and income generation, ensuring a corporate approach is taken to develop the culture and staff. This will enable the Council to take business-like decisions and support new opportunities, whilst managing risk and being mindful of the Council's fiduciary duties. It will help Directorates to develop alternatives to reducing budgets, and ensure that business propositions are as robust as they can be prior to entering more formal decision-making processes. All activities are subject to full business cases and the necessary approvals are gained via the council's normal governance routes which includes rigorous member scrutiny. There is an internal officer group that provides a 'sounding board' for new commercial ideas by providing a view about its apparent commercial viability and provides strategic and operational guidance to Cabinet and Senior Management Team on potential and actual commercial activity. Where appropriate specialist advice is also sought.

### **Financial Resilience**

5.3 In light of the financial challenges faced by the authority, the council continues with an on-going action plan to maintain and strengthen financial control across the authority. Key areas of focus have included:

- Reviewing budget allocation to match services spending priorities.
- Ensuring all appropriate goods and services are acquired via the use of an official purchase order.
- Reviewing the processes for the collection of cash and reviewing payment options.
- Reviewing and re-negotiating our contractual responsibilities.

5.4 In the Medium Term Financial Strategy (MTFS) presented to the City Council in February 2019, additional funding including the successful business rate pilot, specific grant funding for Winter Pressures and the Social Care Support Grant was estimated to be £9.6 million. This one-off funding will provide additional financial stability in 2019/20 while the transformation of services is embedded to support service improvement across the council to reduce future costs. Further funding was announced on when the government confirmed individual allocations to authorities for the Brexit Preparedness Support Grant.

5.5 The additional funding received in the finance settlement has given the opportunity for the level of General Reserve held to be reviewed. The closing balance on the General Reserve for 2018/19 is £9.7 million, and, had the additional funding not being available, is considered to be adequate to manage current known risks. However, the city council must consider emerging risks such as the uncertainty of funding from 2020/21, and other external factors such as the potential impact of Brexit, and internal risks including increased commercial activity, and the challenges faced by all councils relating to increasing demand for services like social care. In light of the additional risks detailed above, the General Reserve will be increased by £1.3 million from its current level of £9.7 million to £11.0 million to provide additional future financial stability.

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5.6 The governance framework is under continuous review and the developments initiated in previous years continue to be embedded during the year. A new Assistant Director – Governance and Monitoring Officer was appointed in December 2019. The Monitoring Officer has launched a full constitutional review, a refresh and relaunch of officer and member declaration of interests. Work is also being undertaken in streamlining the decision making system in particular background papers and chief officer decisions and the scheme of delegation which will be consolidated and then refreshed.

## 6. Future Developments

- 6.1 The council recognises that the need for change, driven by unprecedented budget reductions and a desire to improve the quality of life for our citizens continues to present the council with immense challenges. It is crucial as the council aligns itself with new operating models and implements new and demanding strategies it considers the risks associated with these and alongside these considerations it recognises and balances the risks associated with the service demands that are driven by social and economic change. It is therefore important that risk continues to be acknowledged and managed in a transparent way and every effort is made to ensure effective risk management is embedded within the council's organisational structure and across its business activities. In 2018/19, the responsibility for Strategic Risk Management was transferred to internal audit to align with a focus on a risk based internal audit approach.
- 6.2 As mentioned above, the council has an on-going action plan to maintain and strengthen financial control across the authority. Key areas of focus for 2019/20 will include reviewing financial regulations to ensure they remain fit for purpose and strengthening financial management as part of a self-service review through training, improved processes, systems, tools and support for all staff across the council.
- 6.3 It is intended in the year to review the responsibility for functions to assist with transparent and robust decision making. Following this, new training will be delivered and guidance provided to officers and members. Additionally the Council has planned and delivered robust local elections in May 2019, based on improvements made over the last 4 years and the lessons learnt in 2015 and highlighted in the Turner report.
- 6.4 Internal Audit undertake a risk based approach to audit assignments; identifying objectives, risks and controls, evaluating the extent to which those controls address the organisation's risks, identifying over- or under-control, articulating residual risk and recommending management action as appropriate. This approach is subject to continuous review, and during 2018/19 a review of audit processes and documentation was undertaken to ensure a comprehensive risk based approach. As a result of this review, it was agreed that Internal Audit were in a unique position to educate senior management on risk and inform the council's risk management processes and procedures. The responsibility for the authority's risk management processes was therefore formally transferred from the Insurance Team to Internal Audit from February 2019. Work has therefore commenced on a full review of the council's risk management processes.

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**7. Significant Governance Issues**

7.1 In 2018/19 no further significant governance issues were identified, all findings of regulatory inspections received during the period covered by this statement are being addressed and progress will be reported at regular intervals through the appropriate committee.

**8. Declaration by Council**

8.1 We have been advised on the results of the review of the effectiveness of the governance framework by the Audit Committee. The City Council continues to develop plans to ensure continuous improvement of the arrangements are in place and these will continue to be enhanced.

8.2 Over the coming year, we will continue to strengthen the Council's governance arrangements and will monitor the implementation of recommendations to improve and enhance the arrangements as part of our next annual review.

**Signed:**

..... Leader of the Council:  
Date:

..... City Director: David Sidaway  
Date:

..... Section 151 Officer: Nick Edmonds  
Date:

..... Monitoring Officer: James Doble  
Date:

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## APPENDIX 1

### Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

	How we can demonstrate that the Council meets this principle	Evidence
PA.1	<p>The Council promotes high standards of ethical behaviour by developing, maintaining and monitoring a Code of Conduct for Members of the Council. The Code of Conduct clearly sets out the standards expected for elected Councillors to ensure they operate in a clear, transparent manner and treat each other, and members of the public, with respect and courtesy. The Code and the council's policies and procedures are communicated via corporate induction sessions and are available on the council's intranet site.</p>	<p>Members Code of Conduct &amp; Staff Code of Conduct are included in the Council's <u>Constitution</u></p>
PA.2	<p>The Codes of Conduct for Members and council employees include the requirement to disclose interests (including statutory Disclosable Pecuniary Interests) and to declare gifts and hospitality. The Members Gifts and Hospitality Register is available on the council's website on the Transparency pages.</p>	<p><u>Councillor's Register of Interests</u></p>
PA.3	<p>Comprising of nine councillors, allocated on the basis of the political composition of the council, the City Council's Standards Committee is responsible for helping Members to adhere to the Members Code of Conduct and promoting other elements of sound ethical behaviour.</p> <p>The Committee, in conjunction with the Monitoring Officer, deals with complaints against Members and this may involve the undertaking of investigations or some other form of action being taken, such as additional training. The Committee also issues (and updates) local codes of guidance from time to time, such as a Code on Criminal Records Bureau checks and guidance on dealing with planning and licensing determinations.</p>	<p><u>Standards Committee</u></p>

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## APPENDIX 1

### Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

<p>PA.4</p>	<p>The City Council has an established Procurement Process Guide in place to ensure an ethical and robust process. This enables a clear and documented end to end procurement process that supports probity, provides effective stewardship of public funds and meets the needs of the business.</p>	<p><u>Procurement Process Guide</u></p>
<p>PA.5</p>	<p>The Council has an established corporate compliments, comments and complaints process. In the event that the procedure is exhausted, the Ombudsman is required to carry out an investigation into a complaint.</p> <p>The Ombudsman's Annual letter is published on the <a href="#">LGO's</a> own website.</p>	<p><u>Compliments, Comments and Complaints Process</u></p> <p><u>Ombudsman's Annual Letter 2017/2018</u></p>
<p>PA.6</p>	<p>The Council has a Counter-Fraud &amp; Error Strategy as well as a Confidential Reporting (Whistleblowing) Policy to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. The Audit Committee receives regular update reports outlining progress in implementing key anti-fraud actions to protect the Council's interests.</p>	<p><u>Countering Fraud, Corruption &amp; Error Strategy</u> <u>Confidential Reporting (Whistleblowing) Policy</u></p>

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APPENDIX 1

## Principle B – Ensuring openness and comprehensive stakeholder engagement

	How we can demonstrate that the Council meets this principle	Evidence
PB.1	The council publishes its decisions on its website; on this page you can find a record of executive decisions made under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	<u>Notice of Decisions</u>
PB.2	The council is committed to openness and transparency. Meeting items are only discussed in private if they absolutely cannot be discussed in any other way <sup>3</sup> . City Council and Cabinet Meetings are broadcast live on the internet, and are available online to be watched after the event.	<u>Council Meeting Webcasts</u> <u>Cabinet &amp; Council Meetings</u>
PB.3	<p>The city council places communications at the centre of all that it does. The communications strategy which is underpinned by the council's Stronger Together vision sets out an approach which aims to improve communications with local people as well as a number of key stakeholders across the city through a series of pre-agreed campaigns. This approach proactively supports engaging local people and stakeholders in democracy and council services in a number of ways across a number of digital and more traditional channels.</p> <p>The city council's Community Cohesion Strategy has been developed taking into account the views of young people and consultation with statutory, voluntary and community partners.</p>	<p>Communications Strategy 2017-19</p> <p><u>Community Cohesion Strategy</u></p>
PB.4	The City Council has an established customer feedback procedure which enables those in the City to engage with the organisation and offer ideas, suggestions, compliments and complaints. The Annual Customer Feedback Report for 2017/18 was published in September 2018 and shows an increase in the number of complaints received although there was a reduction in the number of statutory complaints about social care services.	<p><u>Customer Feedback Procedure</u></p> <p><u>Customer Services Standards</u></p> <p><u>Annual Customer Feedback Report 2017-2018</u></p>

<sup>3</sup> Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

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APPENDIX 1

## Principle B – Ensuring openness and comprehensive stakeholder engagement

<p>PB.5</p>	<p>In May 2018 the council published its Annual Progress Report on the Stronger Together Annual Delivery Plan 2018/19. Progress updates have been regularly reported to Cabinet.</p>	<p><u>Stronger Together Priorities</u>  <u>Annual Delivery Plan</u>  <u>Annual Delivery Mid-Year Progress Report</u></p>
<p>PB.6</p>	<p>The council communicates through its website regarding the Council’s vision, achievements, financial position and performance. The website has recently been redeveloped to provide the public with easier access to information and services. The Council also publishes its “City News” newsletter three times a year which is distributed to 119,000 households. Various parts of the organisation also use other forms of social media, including Twitter, Facebook, YouTube, google+, Pinterest and Flickr to engage and inform communities and stakeholders. The Communications Team also provides related media releases, where appropriate.</p> <p>In January 2019 there was a revamp of the way the council communicates with staff. Our Blog was launched, an online staff newsletter to provide a different insight into some of the great things that are happening across our organisation.</p> <p>In addition, the council also launched brief weekly news updates which include headline stories and important corporate information, the bulletin - called Our Week – is emailed to staff every Wednesday. There is also be a fortnightly Our Learning bulletin providing up-to-date training, development and learning information and an Our Wellbeing newsletter including all the latest health and wellbeing opportunities available to staff.</p>	<p><u>Stoke-on-Trent City Council Website</u></p> <p><u>City News</u></p> <p><u>Main News Page</u></p> <p>Our Blog</p> <p>Our Week</p> <p>Our Learning</p> <p>Our Wellbeing</p>

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<p>PB.7</p>	<p>Engaging with our communities is essential to ensure that we are a resident led authority. Consultation exercises are carried out as required; for example, consultation on the Budget has become a regular component of the budget setting process. Consultation meetings were held across the Medium Term Financial Strategy period to consult on the budget proposals.</p> <p>The council also conducted a number of online consultations in the year including the rights of way improvement plan; how do you use your chemist; elective home education policy, social workers survey to support carers and when would you like to shop at our markets.</p>	<p><u>Budget Consultation 2018/19 – 2019/20</u></p>
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APPENDIX 1

## Principle B – Ensuring openness and comprehensive stakeholder engagement

PB.8

Enhancing the accountability for service delivery and effectiveness of other public service providers is demonstrated through the reporting mechanisms for joint arrangements, such as the Health and Well Being Board, Adult Strategic Partnership, CYS Partnership, Responsible Authorities Group and the Youth Offending Service Board, - all of whom deliver services in partnership with Staffordshire PCT, Staffordshire Police, Probation Services and the City Council.

The City Council works in close partnership with the Stoke and Staffordshire Local Enterprise Partnership to develop investment and business growth across the region.

[Health and Wellbeing Board](#)

[Stoke-on-Trent Adults' Strategic Partnership](#)

[Safeguarding Children's Board](#)

[Children and Young People's Strategic Partnership Board](#)

[Stoke and Staffs LEP Partnership](#)

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

APPENDIX 1

**Principle C – Defining Outcomes in terms of sustainable economic, social, and environmental benefits.**

	How we can demonstrate that the Council meets this principle	Evidence
PC.1	<p>In 2018/19 the City Council continued to embed its Stronger Together Priorities as part of its long term Strategic Vision for 2016-2020. These priorities set out what the council will strive to achieve for the city over the coming years, working with the citizens of Stoke-on-Trent as well as partner organisations to deliver improvements to our great city.</p>	<p><u>Stronger Together Priorities</u></p> <p><u>Annual Delivery Plan 2018/19</u></p>
PC.2	<p>The Stronger Together Strategic Plan provides a clear vision for Stoke-on-Trent, to create a city we can all be proud of. This vision is underpinned by five priorities which guide everything the Council does:</p> <ul style="list-style-type: none"> <li>• Support our residents to fulfil their potential;</li> <li>• Support our businesses to thrive, delivering investment in our towns and communities;</li> <li>• Work with residents to make our towns and communities great places to live;</li> <li>• A commercial council, well governed and fit for purpose, driving efficiency in everything we do;</li> <li>• Support vulnerable people in our communities to live their lives well.</li> </ul> <p>Sitting underneath the five priorities are 29 strategic objectives which describe the areas where the organisation will drive change over the next four years. To guide the delivery of our priorities and objectives there are five cross cutting values. They describe how we will work and how we would like to work with others, across organisational and geographical boundaries.</p> <p>The council's Medium Term Financial Strategy has been aligned to support the delivery of the above strategic priorities.</p>	<p><u>Stronger Together:</u> <u>Strategic Performance Framework</u></p> <p><u>Strategic Measures Performance Q1</u> <u>Strategic Measures Performance Q2</u> <u>Strategic Measures Performance Q3</u></p> <p><u>Medium Term Financial Strategy</u></p>

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

APPENDIX 1

**Principle C – Defining Outcomes in terms of sustainable economic, social, and environmental benefits.**

<p>PC.3</p>	<p>The Council has adopted in full CIPFA's Prudential Code for Capital Finance in Local Authorities and their Treasury Management Code of Practice. The Council receives specialist support from Arlingclose on all aspects of borrowing, lending and investments.</p> <p>Reserves strategy and forecasts are clearly set out in the Medium Term Financial Strategy and are monitored through the quarterly Finance updates. Opportunities for strengthening the reserves position are routinely considered as part of the account closure exercise. The revenue budget is set and will be reviewed on a regular basis.</p>	<p><u>Capital Investment Programme 2018</u></p> <p><u>Medium Term Financial Strategy &amp; Council Tax Setting</u></p> <p><u>CIPFA Treasury Management Code</u> <u>Treasury Management Code of Practice</u></p>
<p>PC.4</p>	<p>The annual report on the Treasury Management Strategy for 2018/19, incorporating the Minimum Revenue Provision Policy Statement, Investment Strategy and Prudential and Treasury Indicators 2018/19 required under Part 1 of the Local Government Act 2003 was approved by Council in February 2018 (having been considered by the Audit Committee).</p> <p>Member awareness and engagement on Treasury Management issues is progressed through development events and regular updates.</p>	<p><u>Treasury Management Annual Borrowing &amp; Investment Strategy &amp; Minimum Provision Policy</u></p>

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

APPENDIX 1

## Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.

	How we can demonstrate that the Council meets this principle	Evidence
PD.1	<p>Financial and non-financial performance reports are presented on a monthly basis at Senior Management Team Meetings (SMT) and taken to Cabinet each quarter. The content of the reports demonstrate the Council’s progress in achieving against the performance measures and budgets across council activities and are used to highlight examples of excellence in service delivery, as well as monitoring areas requiring improvement. Reports are also provided to Overview and Scrutiny Committees for each respective service area.</p> <p>The council monitors a set of strategic measures to understand performance against the Stronger Together priorities. The Strategic Measures are reported to the Senior Management Team (SMT), Cabinet and Overview &amp; Scrutiny on a quarterly basis and are refreshed annually to ensure they remain up to date and relevant. SMT consider corporate health performance information on a monthly basis which includes customer feedback, sickness absence &amp; HR data, health &amp; safety and customer services information. Key Directorate KPIs are also reviewed on a monthly basis with a focus on a specific directorate each month. The council continues to work with partners and reports performance on a quarterly basis to various boards including Health &amp; Wellbeing Board and Children &amp; Young Peoples Strategic Partnership Board.</p>	<p><u>Financial Performance Report Q1</u>  <u>Financial Performance Q2</u>  <u>Financial Performance Q3</u></p> <p><u>Strategic Measures Performance Q1</u>  <u>Strategic Measures Performance Q2</u>  <u>Strategic Measures Performance Q3</u></p> <p><u>Treasury Management Three Quarter Review</u></p> <p><u>Overview &amp; Scrutiny Committees</u></p> <p><u>Stronger Together:</u>  <u>Strategic Performance Framework</u></p>
PD.2	<p>In determining the courses of action to take decisions are informed by the council’s strategic priorities and objectives (its strategy and key performance indicators) which subsequently inform a clear planning methodology and long term direction for its business activities. To support this, the council ensures it has an adequate and all-inclusive budget process.</p>	<p><u>Medium Term Financial Strategy</u></p> <p><u>Budget Consultation 2018/19 – 2019/20</u></p> <p><u>Strategic Measures Performance Q1</u>  <u>Strategic Measures Performance Q2</u>  <u>Strategic Measures Performance Q3</u></p>

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

APPENDIX 1

**Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.**

<p>PD.3</p>	<p>A Housing Strategy has been created to enhance Stoke-on-Trent’s housing offer so that people at all stages of life can find and live in a quality home they want at a price they can afford.</p>	<p><u>Housing Strategy 2017-22</u></p>
<p>PD.4</p>	<p>“Making Stoke-on-Trent a digitally inclusive city”. Enabling more people to access the internet has the potential to transform the way in which citizens access local services and make choices about aspects of their own lives, while simultaneously reducing demand for key services.</p>	<p><u>Digital Inclusion Strategy 2016-20</u></p>
<p>PD.5</p>	<p>Our vision is for Stoke-on-Trent to be a vibrant, healthy and caring city which supports its citizens to live more fulfilling, independent and healthy lives. Our objective is to promote personal responsibility, early intervention and independence by involving communities in the way our services are shaped. We will encourage community leadership, a strong focus on efficiency, value for money and ease of access to services.</p>	<p><u>Joint Health and Wellbeing Strategy 2016-20</u></p>
<p>PD.6</p>	<p>A set of Equality Objectives for the Council for the period 2017-2020 have been developed.</p>	<p><u>Equality Objectives 2017-20</u></p>

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

**APPENDIX 1**

**Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it.**

How we can demonstrate that the Council meets this principle		Evidence	
<b>PE.1</b>	The City Council participates in multiple benchmarking exercises and uses the information for financial and service quality comparisons. Learning from other entities enables the City Council to achieve value for money and best practice service delivery.	Benchmarking	
<b>PE.2</b>	The Council has four statutory <sup>4</sup> posts with responsibility for governance.	<b>Statutory / Mandatory posts</b>	<b>Post within current structure</b>
		Head of Paid Service	City Director
		Chief Financial Officer and s151 Officer	Assistant Director Finance and s151 Officer
		Monitoring Officer	Assistant Director Governance
		Senior Information Risk Owner	Assistant Director ICT, Libraries and Customer Services

<sup>4</sup> There are other statutory roles, including the Director of Children’s Services and the Caldicott Guardian, currently held by the Assistant Director – Commissioning, Health and Social Care

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

APPENDIX 1

**Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it.**

<p>PE.3</p>	<p>The Constitution sets out a Scheme of Delegation, Financial Regulations and Contract Procedure Rules.</p> <p>The Scheme of Delegation gives officers authority to act within the policies and objectives defined by the executive and the council as a whole. The scheme has been extended to Assistant Directors and work continues to extend further to Strategic Managers. The Financial Regulations underpin the effective management of the City Council’s financial arrangements and the Contract Procedure Rules govern the making of contracts for and on behalf of the City Council.</p> <p>The Council’s Constitution sets out the framework for decision making and the formal reporting of those decisions. Decision making is underpinned by a framework of policies, plans and strategies. These are referred to as the Budget and Policy Framework and are identified within the Constitution. The Constitution is kept under review by the Assistant Director - Governance, (the Council’s Monitoring Officer).</p> <p>These documents are comprehensively reviewed on a regular basis by the Constitution Working Group with amendments being approved by full Council.</p>	<p><u>Constitution</u></p> <p><u>Constitution Working Group</u></p>
<p>PE.4</p>	<p>For our elected Members, the Council produces an annual Learning and Development Plan supported by a calendar of training events and workshops. These continued to adhere to the best practice guidelines given in the Local Government Association’s Member Development Charter.</p>	<p><u>Councillor Induction Process (example)</u> <u>Role of a Councillor</u></p>

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

APPENDIX 1

**Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it.**

<p>PE.5</p>	<p>In compliance with the data transparency code, the council has published its senior management structure and pay structure.</p> <p>The Council publishes an annual pay policy, last approved by City Council in February 2019.</p> <p>Information is also provided about member’s remuneration (NB Members Allowances for 2018/19 are due May/June and will be included in the final AGS)</p>	<p><u>Pay Policy Statement 2018/19</u> <u>(including Senior Management Information)</u></p> <p><u>Members Allowances</u></p>
<p>PE.6</p>	<p>The Council recognises that its employees are central to its success. Training for staff is developed via information from annual Performance Appraisal Reviews (PAR’s). The employee performance framework exists to promote performance and identify development needs.</p> <p>Staff also undertake a range of compulsory e-learning on topics such as health and safety and data protection.</p> <p>A programme of workshops designed to support the delivery of the council’s Stronger Together Priorities was delivered to tier 4 managers during 2017/18 and 2018/19 and further senior management training is planned for 2019/20 to build previous training programme delivered in 2016/17. In addition, the council also supports a wider programme of professional training for relevant employees.</p>	<p>Training &amp; Performance Appraisal Reviews (PAR’s)</p> <p>E-learning Programme</p> <p>Stronger Together Management Programme</p>

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

## APPENDIX 1

### Principle F – Managing risks and performance through robust internal control and strong public financial management

#### How we can demonstrate that the Council meets this principle

#### Evidence

PF.1

The Management of Risk Policy sets out the council's strategy for ensuring that effective risk management is embedded within all areas of the Council's operations. It also requires that all managers and Councillors address the issue of associated risk whilst making any and all policy decisions. The Audit Committee reviews the Strategic Risk Register annually.

The system of internal control is designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

During 2018/19 a review of the internal audit service was undertaken. Improvements were made regarding an increased focus on risk based auditing, a review of the format of audit briefs and final reports to ensure they are user friendly and implementing a data analytical approach to improve the efficiency of financial audits. Further work is planned during 2019/20 to review risk management processes and procedures.

Strategic Risk Register  
Management of Risk Policy

PF.2

The City Council's Financial Management arrangements conform to the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government (2016). Information on the financial performance of the Council provided to budget managers and senior officers is well presented, timely, complete and accurate. Real time desk top budget information is available to budget holders across the City Council.

A programme of financial awareness has also been undertaken during 2018/19 which has included posters promoting key messages to staff.

Financial Performance Report Q1  
Financial Performance Q2  
Financial Performance Q3

Strategic Measures Performance Q1  
Strategic Measures Performance Q2  
Strategic Measures Performance Q3

Treasury Management Annual Report & Q1

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

**Principle F – Managing risks and performance through robust internal control and strong public financial management**

<p>PF.3</p>	<p>The council’s policies and staff training programme promote compliance with information legislation. To support this, data protection courses have been further updated for both officers and councillors. Training for senior managers is complete and relevant policies are in place in line with current legislation. We comply with standards for public sector data handling and security and have achieved Public Services Network certification every year since its launch. The council has met the standards required by the new NHS Data Security and Protection Toolkit which was launched in 2018.</p> <p>The City Council is a signatory to the One Staffordshire county-wide information sharing protocol to ensure that when data is shared with our partners it is done in a transparent, compliant and consistent way.</p>	<p>Data Protection Policy</p> <p>Data Sharing Policy</p> <p>Information Governance Policy</p>
<p>PF.4</p>	<p>The City Council’s review of the effectiveness of the system of internal control is informed by:</p> <ul style="list-style-type: none"> <li>• Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny reports</li> <li>• The work undertaken by Internal Audit during the year.</li> <li>• The work undertaken by the External Auditor reported in their annual audit and inspection letter.</li> <li>• Other work undertaken by independent inspection bodies.</li> </ul> <p>In February 2018 an external review of the internal audit function was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA). The review gave the council’s internal audit service the highest category of “Generally Conforms” to the requirements of the Public Sector Internal Audit Standards and those of the Local Government Application Note.</p>	<p><u>Internal Audit Monitoring Report Q1</u>  <u>Internal Audit Monitoring Report Q2</u>  <u>Internal Audit Monitoring Report Q3</u>  <u>External Review of Internal Audit</u></p> <p><u>Final Report on External Audit Recommendations</u></p>

# Stoke-on-Trent City Council Annual Governance Statement 2018/19

APPENDIX 1

## Principle F – Managing risks and performance through robust internal control and strong public financial management

PF.5

The Council has a Corporate Strategy for the prevention and detection of fraud and corruption. A key area of work during 2018/19 continues to be Housing Tenancy Fraud and in particular Right to Buy where the implementation of enhanced due diligence checks and robust anti-money laundering controls have been hugely successful in preventing non bona fide Right to Buy applications thereby protecting the public purse. Results of fraud investigations are publicised on the internet using the council's social media presence and also in the local media to promote the council's 'Zero Tolerance Against Fraud' approach.

The City Council participates in the National Fraud Initiative (NFI), this is a range of annual and biennial data matching exercises led by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Regular updates on these exercises are provided to the Audit Committee.

Counter Fraud, Corruption & Error Strategy

National Fraud Initiative

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

How we can demonstrate that the Council meets this principle	Evidence
<p><b>PG.1</b></p> <p>In line with the Local Government Transparency Code 2015, the City Council is required to publish certain types of information for transparency purposes, This information can be found on the City Council's website along with monthly Transparency Reports.</p> <p>A record of executive decisions made under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 are published on the City Councils website. Information is also provided about member's remuneration.</p>	<p><u>Transparency Report March 2018</u> <u>Members Allowances</u></p> <p><u>Notice of Decisions</u></p>
<p><b>PG.2</b></p> <p>The Council operates a number of Overview and Scrutiny Committees that consist of Elected Members who undertake annual work programmes. The Overview and Scrutiny Committees are aligned to the directorates within the City Council. Their two main functions are to hold decision makers to account and to also develop and review policy.</p>	<p><u>Overview &amp; Scrutiny</u></p>
<p><b>PG.3</b></p> <p>The Statement of Accounts is published and produced in compliance with the Accounts and Audit Regulations 2015 presenting a true and fair view of the financial performance of the City Council in the delivery of services to the citizens of Stoke-on-Trent. The accounts are subject to independent external audit and are made available via the City Council's website. This is seen as an essential feature of public accountability and stewardship as it provides an annual report on how the City Council has used the public funds for which it is responsible.</p>	<p><u>Published Accounts 20172018</u></p>

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

PG.4

The Audit Committee has responsibility for conducting an annual review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness will be informed by:

- Council officers, responsible for the development and maintenance of the governance environment
- The Strategic Manager, Audit and Fraud’s annual report
- Comments and observations made by external auditors and external review agencies and inspectors.

The Committee also report on their activities to Full Council.

Roles & Responsibilities  
Audit Committee Annual Report

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

PG.5

The City Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the role of the Head of Internal Audit (2019). Information on the work of Internal Audit is provided to managers and senior officers and is well presented, complete and accurate. Summary reports are provided to the Audit Committee on a quarterly basis.

The annual report of the Strategic Manager, Audit and Fraud summarises the audit work undertaken during 2018/19. Where recommendations have been made to improve processes these are being addressed by appropriate officers. From the work undertaken in 2018/19 by Internal Audit, the Strategic Manager, Audit and Fraud was able to give the following assurance:

*“From the work carried out by Internal Audit during 2018/19, it has been concluded that the level of assurance on the adequacy and effectiveness of the City Council's control environment is Satisfactory.”*

Internal Audit Charter

Internal Audit Annual Report