



Committee and Date

Audit Committee

20<sup>th</sup> July 2022

10:00 am

Item

Public

**Annual Governance Statement (AGS) and a review of the effectiveness of the Council's Internal Controls and Shropshire Council's Code of Corporate Governance 2021/22**

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**1. Summary**

1.1. The Council is required to produce an Annual Governance Statement to accompany the Accounts, signed off by the CEO and Leader. The AGS is written as an open and honest reflection of the Council's governance challenges. It identifies areas for improvement in an action plan.

**2. Executive Summary**

2.1. Shropshire Council is committed to the principles of good corporate governance. It is required, under the Accounts and Audit Regulations 2015, Regulation 6, to produce an Annual Governance Statement (AGS) to accompany the annual statement of accounts, which must be signed by the Leader of the Council and the Head of Paid Service. This statement should be considered after a review of the effectiveness of the Council's system of internal controls as required by the Accounts and Audit Regulations.

2.2. As part of the review of the effectiveness of the Council's system of internal controls, Shropshire Council's Code of Corporate Governance has been examined, the results of which have informed the AGS. The Code is compiled based on guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Government Chief Executives (SOLACE) and identifies how the Council achieved reasonable corporate governance in 2021/22.

2.3. Members are asked to consider the Annual Governance Statement and the basis on which it has been compiled, and comment on the process and its contents. This will help ensure that it remains a true reflection of the internal controls of the Council for 2021/22.

### **3. Recommendations**

- 3.1 The Committee is asked to consider, with appropriate comment, the Annual Governance Statement 2021/22 at **Appendix A**.
- 3.2 The Committee is asked to receive and comment on the Internal Audit conclusion that the Council has reasonable evidence of compliance with the Code of Corporate Governance. The detailed code, incorporating evidence, is contained in **Appendix B**.

## **REPORT**

### **4. Risk Assessment and Opportunities Appraisal**

- 4.1 Risk management is part of the overall arrangements for internal control and contributes to the Council's position of strong governance. Corporate Governance is part of the overall internal control framework and contributes to the Council's strong governance arrangements. The AGS has been drafted based on information contained in the risk register alongside data from assurance statements and officer review groups. The strategic risk register is regularly monitored and updated by senior managers and is a useful, up to date tool to identify governance issues. Consequently, this creates a clear link between the AGS, the strategic risk register, business planning and performance.
- 4.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015.
- 4.3 There are no environmental consequences of this proposal and consultation has been used to inform the Annual Governance Statement and review of the Code of Corporate Governance by seeking assurances and evidence from senior officers as to the effectiveness of internal controls and governance processes.

### **5. Financial Implications**

- 5.1 Currently there are no financial implications. Any which arise when implementing future improvement activities will be reported upon separately in accordance with approved policies.
- 5.2 By maintaining a system of good governance and managing and mitigating risks where practicable Shropshire Council can ensure that it gets the best value from its assets. The AGS also has a focus on value for money outcomes.

### **6. Climate Change Appraisal**

6.1. The AGS recognises the impact of decisions on the climate and the need to reverse policies to reduce emissions in the climate. There are distinct activities allocated to the Executive Director of Place to consider the impact of key decisions and target management of such issues in line with the Council's Climate Change Strategy.

## 7. Background

- 7.1. Shropshire Council is required to prepare an Annual Governance Statement (AGS), **Appendix A**. The AGS is an accountability statement from the Council to stakeholders on how well it has delivered on governance over the course of the previous year. The Council demonstrates how it complies with the principles of corporate governance set out in the CIPFA and Solace governance framework; *Delivering Good Governance in Local Government: Framework*, April 2016, containing seven governance principles. Whilst CIPFA has not established any 'set text' for authorities to use in acknowledging their responsibility for the governance framework, by adopting the framework, the Council ensures that its governance arrangements accord with best practice.
- 7.2. The framework is a discretionary code against which the Council is judged. In addition to the Council acknowledging its responsibility for ensuring governance is effective, the AGS should:
- focus on outcomes and value for money;
  - evaluate against the local code and principles;
  - be in an open and readable style;
  - include an opinion on whether arrangements are fit for purpose;
  - include identification of significant governance issues and an action plan to address them;
  - be signed by the chief executive and leading member in a council.
- 7.3 The framework also requires a section to be included in the AGS that accounts for actions taken in the year to address the significant governance issues identified in the previous year's AGS. This has been integrated within each of the relevant principles and the completed Action Plan is attached as **Appendix C**.
- 7.4 The Audit Committee play a very valuable role in the development of the AGS and in the finished look of the statement. The Committee's terms of reference include a requirement to review and report on the adequacy of the Council's Corporate Governance arrangements. Compliance with the Code helps to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources to achieve desired outcomes for service users and communities.

- 7.5 This report looks at those governance arrangements in place for last year to enable the Audit Committee to deliver its year end assurance report. The Committee should also understand the process that has been undertaken to review governance and so should be able to see how the conclusions in the AGS have been arrived at. There should be no real surprises for the Committee allowing it to provide a valuable reality check for the Statement.
- 7.6 The Committee can send an important message about the value and importance of the AGS, which will assist those providing assurance to support its conclusions. Once the AGS has been received and commented upon, the Committee can review progress in implementing the actions, so helping to ensure that the AGS is meaningful and is an effective tool for governance improvements.
- 7.7 Shropshire Council's Code of Corporate Governance, which forms part of the Constitution, is based on the seven core principles referred to in the CIPFA framework:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - B. Ensuring openness and comprehensive stakeholder engagement.
  - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
  - D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
  - F. Managing risks and performance through robust internal control and strong public financial management.
  - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 7.8 The Monitoring Officer and Section 151 Officer are responsible for ensuring an annual review of compliance with this Code and Internal Audit independently reviews the governance process. In conducting the review, evidence is collated from prime documents and, following discussions with and statements from key officers, this information is compared to known results of Internal Audit reviews. The assurance is then circulated publicly through Audit Committee which allows for further member and officer challenge. The results of this review are included in the Head of Audit's annual report and

will form part of the overall assurance for the Annual Governance Statement.

- 7.9 On a practical basis, the Code contains a corporate governance map defining our framework by reference to key processes, procedures and documents which contribute to our aspiration of excellent corporate governance in Shropshire. This is felt to be a very useful way of illustrating how the Council achieves good corporate governance.
- 7.10 The Council's formally adopted Code of Corporate Governance is compliant with CIPFA/SOLACE guidance. The Code was reviewed by Internal Audit to determine whether the Council complied with the approved Code of Corporate Governance and is assessed as Reasonable; the evidence in **Appendix B** demonstrates in the areas examined there is generally a sound system of control but there is evidence of non-compliance with some of the controls, these have been escalated to senior management.
- 7.11 The Annual Governance Statement, **Appendix A**, is meaningful and written as an open and honest reflection of the Council's governance and current challenges. It identifies areas for improvement in an action plan and explains how the Council has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015. It is structured to reflect each of the principles in turn. Compliance with the Council's existing Code of Corporate Governance has been reviewed and assessed and is reported in **Appendix B**. Significant Governance Issues are identified within the AGS for targeted improvement activities with identified lead officers and time frames and the ongoing impact of COVID19 is considered in the contents.
- 7.12 The Annual Governance Statement is a key corporate document with the Chief Executive (CEO and Head of Paid Service) and the Leader having joint responsibility as signatories for its accuracy and completeness. It is also important that all other senior officers provide assurances to the process. As a corporate document which is owned by all senior officers and members, the preparation of the Annual Governance Statement is overseen and approved by executive directors supported by senior management.
- 7.13 In compiling the Annual Governance Statement, a review of the effectiveness of the Council's systems of internal controls, as required by the Accounts and Audit Regulations 2015 (3), is conducted and information is obtained from a range of sources. As such, the signatories to the statement can assure themselves that it reflects the governance framework for which they are responsible. **Annex A** of the Annual Governance Statement (AGS) Assurance Framework 2021/22 clearly identifies the areas from which assurance and supporting evidence has been obtained, thereby

demonstrating the effectiveness of the Council's systems of internal control. Further key assurances are provided via:

- i) CEO / Head of the Paid Service.
- ii) Executive Directors and senior management.
- iii) Executive Director of Resources, Section 151 Officer and Responsible Financial Officer.
- iv) Monitoring Officer.
- v) Head of Audit.
- vi) Performance and risk management officers and
- vii) External Audit and other review agencies.

7.14 To moderate their views and to identify the significant governance issues to be identified in the AGS, Executive Directors consider managers' assurances (first line of assurance), information from their services and across the authority (second line of assurance), and third-party reports such as Ofsted, peer reviews, internal and external audit (third line of assurance).

7.15 The Annual Governance Statement is a key document which identifies the strong systems and processes the Council has in place to continue its high standards of corporate governance. A copy of the Statement is attached as **Appendix A**.

7.16 Satisfactory governance exists but improvements are required to meet good governance standards whilst delivering services to acceptable standards and achieving a balanced budget. The current year budget, spending pressures, income targets and savings delivery all need to be under constant review and energy focused on achieving a balanced budget and seeking fairer funding. A structural funding gap reported in the Financial Strategy of £65.0m in 2023/24. This is including assumptions made re growth in services such as social care which is expected to increase.

7.17 The Council will strive to achieve the following outcomes:

- To provide a care and support service to adults appropriate to their needs.
- To provide a care and support service to children appropriate to their needs.
- To reduce the risks and impact of attacks and have a clear recovery plan in the event of one.
- To keep children safe.
- To ensure that all stakeholders are safely recovered from the impact of Covid.

- To reduce and mitigate the impact of increased demands on Council Services from the impact of climate change and therefore to life.
- Deliver Projects that achieve savings targets and brings in sustainable income for the Council whilst maintaining a healthy commercial portfolio.
- A balanced budget is delivered.
- Staff are healthy and happy.
- Adults are safe and,
- Establishment of robust co-produced Health and Care system to deliver the desired outcomes.

7.18 The associated risks have been identified, remain under close review and will be managed throughout the year given that they are key to ensuring the continued delivery of high-quality services. In all cases, Executive Directors have targeted where the risk appetite is to be directed for the end of the year.

7.19 Action plans and programmes of monitoring and evaluation are in place and are regularly updated to support both issues over the current and future years. An overall outcome report will be made to the Audit Committee at the end of the year.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Accounts and Audit Regulations 2015.

International Framework: Good governance in the Public Sector:

International Federation of Accountants and CIPFA, July 2014

CIPFA/ SOLACE: Delivering Good Governance in Local Government Framework 2016 edition

CIPFA/ SOLACE: Delivering Good Governance in Local Government Guidance notes for English Authorities 2016 edition

CFGS Governance risk and resilience framework March 2021

**Cabinet Member (Portfolio Holder)**

Lezley Picton, Leader of the Council and Brian Williams, Chairman of Audit Committee.

**Local Member:** N/A

**Appendices**

**Appendix A** - Annual Governance Statement 2021/22

**Appendix B** - Code of Corporate Governance

**Appendix C** - Annual Governance Statement 2020/21 Action Plan Update

## **APPENDIX A ANNUAL GOVERNANCE STATEMENT**



## Appendix B

### Shropshire Council Local Code of Corporate Governance

#### LOCAL CODE OF CORPORATE GOVERNANCE

##### INTRODUCTION

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) defines governance as follows:  
*"Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved"*

The International Framework also states that:

*"To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times".*

*"Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders"*

##### GOOD CORPORATE GOVERNANCE

Shropshire Council is committed to achieving good corporate governance and this Local Code describes how the Council intends to achieve this in an open and explicit way. The local code is based upon the CIPFA SOLACE framework "Delivering Good Governance in Local Government" (April 2016). As laid out in the guidance it *"is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities"*. Consequently, the local Code has been written to reflect the Council's own structure, functions, and the governance arrangements in existence.

*The local code is based on the following seven principles, the first two of which underpin the remaining five with the overall aim of **"Achieving the intended outcomes while acting in the public interest at all times"**.*

The principles are as follows:

Acting in the public interest requires a commitment to and effective arrangements for:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Many of the requirements of the code are included in the Council's constitution and the Council's key strategies and policies.

[Library folder - Shropshire Council Constitution — Shropshire Council](#)

## **MONITORING AND REVIEW**

The Code of Corporate Governance is subject to annual review. This review includes an assessment as to the effectiveness of the processes contained within the Code. This includes annual assessments such as:

- Annual review of the Constitution
- Annual reports of portfolio holders
- Annual reports of the Scrutiny Committees
- Head of Internal Audit Annual Report
- Audit Committee Annual Report
- Council Customer Feedback Report – Complaints, Compliments and Comments
- External Audit Annual Letter

The outcome of this review is reported in the Annual Governance Statement.

The following details how the Council meets the core principles and the systems, policies and procedures it has in place to support this.

**Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

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

**Shropshire Council's commitment to achieving good governance is demonstrated below:**

**Behaving with integrity**

- Code of Conduct for members to ensure that high standards of conduct are maintained.
- The Monitoring Officer will review any breaches of the Member Code of Conduct.
- The Localism Act 2011 abolished the requirement for the Council to have a statutory Standards committee though the Council has retained a non-statutory committee that can meet if required. Both the Standards Committee and Standards Sub Committee have met in 2021/22.
- An Employee Code of Conduct sets down standards of behaviour and conduct the Council expects of its employees.
- Standard decision-making reporting format and access to drafts ensures that all those responsible for taking decisions have the necessary information on which to do so.
- Code of Conduct in relation to the acceptance of gifts and hospitality and all instances must be recorded. Advice and guidance provided to staff and members on the intranet.
- In accordance with the Localism Act 2011 Registers of Members' pecuniary interests are recorded and published on the Council's website.
- Members' declaration of interests, a standing item on all agendas. Minutes show declarations of interest were sought, and appropriate declarations made.
- Protocols for members on Council Representation on various outside bodies.
- A Corporate Feedback Policy that is published on the Council's website and is supported by a Complaints, Compliments and Suggestion on-line form.
- A Policy for raising a concern "Speaking Up About Wrong-Doing" (Incorporating the Whistleblowing Policy) is in place to protect individuals.

**Demonstrating strong commitment to ethical values**

- A Constitution which sets out delegations of the executive, committees and senior officers, and the decision-making process to be applied. It also emphasises that the Council will act within the law.
- Terms of Reference exist for all committees.
- The Council have both Contract Procedure Rules defining the Council's process for all

contracts and Financial Rules defining the safeguards and controls in place for managing public money and assets, these are reviewed on a regular basis.

- The Council consults with stakeholders and other interested parties to seek feedback before developing key operational documents.
- The Council has a clear, well publicised complaints procedure which requires complaints to be dealt with rigorously and promptly. Complaints are monitored by management and Cabinet, together with improvement actions arising from them.
- Employee surveys are conducted and employees are consulted on workforce changes to identify actions for improvement.

**Respecting the rule of law**

- The Constitution identifies the Chief Legal Officer as the Council's Monitoring Officer and sets out the role of the Monitoring Officer.
- An Anti-Fraud and Corruption Strategy supported by a Counter Fraud, Bribery and Anti-Corruption Policy which includes a Fraud Response Plan and a Speaking Up About Wrongdoing Policy "Whistleblowing Policy". The strategy is supported by a Whistleblowing hotline for use by employees, stakeholders or the public to report irregularity and fraud. The Audit Committee receive an annual report of whistleblowing activity.
- Officers in Legal and Democratic Services play a key role in ensuring that the principles enshrined in the Constitution, sustainable decision making, robust scrutiny, rules of natural justice, standards of conduct, efficiency, transparency, legality and high standards of corporate governance are delivered in practice through the Council's decision-making process. The Service provides advice and guidance on the interpretation of legal developments and has legal officers who are experts in specific areas of Council activities.
- Where there have been instances of non-compliance with Contract Rules, and where the recognised approval process has been circumvented these have been identified and escalated to the top of the Council for action.
- Where there have been breaches in Health and Safety Legislation these have been immediately actioned upon discovery.
- All Committee reports require their authors to address the impact of the recommendations with respect to human rights and wider legislation.

**Core Principle B: Ensuring openness and comprehensive stakeholder engagement**

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

**Shropshire Council's commitment to achieving good governance is demonstrated below:**

**Openness**

- Adoption of a Publication Scheme that describes the kinds of information available and provides guidance about how to access personal information and submit a Freedom of Information request.
- The Council has a small Information Governance team committed to ensuring the principles of Data Protection, Freedom of Information and Transparency are followed and all staff are required to undertake data protection training on an annual basis.
- Adoption of a standard reporting format in relation to committee reports. The format includes a risk assessment and opportunities appraisal together with the financial implications attached to any recommendations, and appropriate background papers are cited to ensure full transparency.
- Council and Cabinet meetings are webcast. Agendas, reports and minutes are published on the Council's website. Meetings are open to the public except in the case of exempt items. During the year public meetings have been held in person and virtually in accordance with new legislation and the continued impact of Covid.
- Dates for submitting, publishing and distributing timely reports are set and adhered to.
- The Corporate Plan and Financial Strategy set out the Council's mission and priorities, the impact of Covid means that these will be revisited alongside delivery of a programme of Refocus.
- The Shropshire Compact has been effective in supporting the relationships between Shropshire Council, other public sector bodies and the voluntary and community sector. It acts as an aid to problem solving by clearly setting out roles, responsibilities and commitments.

**Engaging comprehensively with institutional stakeholders**

- The Council recognises the importance of communicating its vision and uses several channels to this effect.
- The Council aims for a consistent approach to communication, reaching and targeting the key customers, stakeholders and partners in the most appropriate way.
- The Council aims to improve engagement through consistent branding, so that our stakeholders know what we do and who to contact. This ensures compliance with the Code

of Recommended Practice on Local Authority Publicity March 2011. This requires all Council publicity aimed at the public to be clearly and unambiguously identified as being produced by the Council. Material produced should make this evident.

- Our website can help residents understand the Council's vision and purpose and how to access services on a day-to-day level.
- The Shropshire Newsroom ([www.shropshirenewsroom.com](http://www.shropshirenewsroom.com)) hosts all the latest Council news stories with podcasts, videos and photographs available from the corporate Flickr account.
- The Council works with colleagues in the local, regional and national media to complement Shropshire Newsroom and ensure people have access to information about the Council.
- The Council uses relevant social media, as a method of disseminating our information and listening to feedback on issues as they arise.
- The Council uses its Customer Services telephone and face-to-face points as the main first point of contact enabling people to be more efficiently directed to the services they need. The response to Covid has seen an increased level of virtual communications.
- The Council uses the Voluntary and Community Sector (VCS) Assembly weekly news bulletin to promote consultations, policy news, engagement opportunities and partnership working opportunities across the voluntary and community sector.

**Engaging stakeholders effectively including individual citizens and service users**

- The Council seeks the views from individuals, organisations and businesses on several areas. All Council surveys are delivered online using the corporate approved consultation portal. Links to current consultations are published on the website. Some recent examples of consultations undertaken include the Voluntary Community Sector Assembly State of the Sector survey; budget consultation; Shropshire Plan; Transport plan consultations and Health and Wellbeing survey. The full list of consultations undertaken is available on the Council website.
- Shropshire's Making It Real partnership was set up by Shropshire Council in response to the national 'Think Local Act Personal' initiative and Making it Real Framework. The aim of 'Making it Real' is for personalisation to be a reality for people who use adult social care services. This approach is driven through a series of 'I' statements outlining how adult social care should best meet people's needs; enabling people to live full and independent lives. The partnership works with the local authority to ensure this approach is adopted locally, through influencing and shaping adult social care services in Shropshire.
- Local consultation has taken place using specific consultation and engagement activity for services and service areas. Locality commissioning activity involves engagement with

	<p>communities and service user groups, as well as through structures such as the Local Joint Committees. These have helped to identify the needs and priorities of our citizens and make these our key areas for service delivery. Feedback from such events is used to develop strategic plans, priorities and targets. Widespread local consultation has taken place via service user and customer feedback surveys, public meetings, local partnerships and Local Joint Committees to identify the needs and priorities of our citizens and make these our key areas for service delivery.</p> <ul style="list-style-type: none"> <li>• The Council has a regular update from the Chief Executive to keep individuals abreast of major events such as flooding issue and the COVID 19 pandemic.</li> </ul>
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**Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

<p><b>Rationale:</b> The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this</p>	<p><b>Shropshire Council's commitment to achieving good governance is demonstrated below:</b></p> <p><b>Defining Outcomes</b></p> <ul style="list-style-type: none"> <li>• The Corporate Plan and Financial Strategy set out the Council's vision and priorities together with its aims and actions.</li> <li>• Core strategic plans (such as the Economic Growth, Commercial, Commissioning Strategies and Sustainability, Environment and Climate Change Policy) set out specific aims in detail and compliment the overall Corporate Plan.</li> <li>• There is a clear reporting mechanism for performance information which is presented alongside the financial information for the corresponding period to the Performance Management Scrutiny Committee. Areas of concern are identified and reported quarterly, and exceptions are monitored more frequently; e.g. monthly, providing greater detail and explanation of the issues and actions being taken. The reports are presented to senior managers and Cabinet. The underlying detailed dashboards are also available to Scrutiny members who can identify specific issues they may want to consider. Cabinet may ask Scrutiny to look at specific issues of on-going concern.</li> <li>• The Council have established robust project management arrangements to monitor outcomes and outputs on projects such as Capital Investment and Commissioning and Assurance Boards, this will applied going forward to projects completed under a refreshed Refocus Programme.</li> </ul> <p><b>Sustainable economic, social and environmental benefits</b></p> <ul style="list-style-type: none"> <li>• The Council has; an Environmental Policy Statement, Towards Zero Carbon, highlighting its</li> </ul>
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<p>process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>commitment to sustainable environment; an Economic Growth Strategy which lays out its approach to sustainable development; a Commercial Strategy which lays out its approach to becoming a more commercially focused organisation embracing commercial culture in terms of how the Council acts to ensure the delivery of High Quality Services as efficiently and effectively as possible and a Social Value Charter, designed to assist commissioners and procurers to maximise opportunities to improve the social, economic and environment condition of our local area through effective commissioning and procurement.</p>
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**Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

<p><b>Rationale:</b> Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of</p>	<p><b>Shropshire Council's commitment to achieving good governance is demonstrated below:</b></p> <p><b>Determining interventions</b></p> <ul style="list-style-type: none"> <li>• A standardised format of decision-making reports is used to ensure that all relevant information is considered such as analysis of options, resource implications, and outcomes of Equality and Social Inclusion Impact Assessment, etc. Options are clearly defined and analysed to ensure decisions are based on the best possible information.</li> <li>• The Commissioning Strategy is applied to ensure clear alignment to need and improving outcomes.</li> </ul> <p><b>Planning interventions</b></p> <ul style="list-style-type: none"> <li>• The Council sought opinions on future budget proposals. They set out what the issues were and invited the public to engage on them.</li> <li>• As detailed earlier, there is a clear reporting mechanism for performance information which is presented alongside the financial information for the corresponding period and subject to scrutiny at all levels.</li> <li>• The Council's performance framework links directly to the Council's outcomes. Performance is reported quarterly to members through Cabinet, and in more detail to Scrutiny Committees.</li> </ul> <p><b>Optimising achievement of intended outcomes</b></p> <ul style="list-style-type: none"> <li>• The annual budget is prepared in line with agreed priorities. The Council publishes its Financial Strategy annually to set an indicative three-year financial plan to fit the longer-term strategic vision as well as a detailed one year budget. This is intended to include</li> </ul>
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resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

realistic estimates of revenue and capital expenditure.

- Resources are employed to assist commissioners and procurers to demonstrate the range and amount of social value generated or the financial value to society because of the added social value.

**Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

**Rationale:** Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the

**Shropshire Council's commitment to achieving good governance is demonstrated below:**

**Developing the entity's capacity**

- There is a member induction programme in place, supporting and developing newly elected members. A Community Leadership and Development Framework provides comprehensive development opportunities, and essential sessions. Development interventions are designed in the context of what individual members say they require during their one to one development reviews, and what their roles and responsibilities dictate they need. Member secretaries provide support, and the Member and Officer Protocol clearly stipulates officers' duties to provide professional and technical advice. The Local Member Protocol guides members and officers to behave in a way that promotes excellent communication.
- A Workforce Strategy was adopted to ensure the Council has the right people with the right skills in the right place, at the right level and cost to enable the Council to meet its strategic objectives.
- The Council actively promotes the use of Leap into Learning, an online learning and training platform that allows courses to be tailored to individual officers. This has been extensively used to deliver e learning to a wide variety of employees and to support more conventional training methods by providing a booking and attendance system.
- The Council actively promotes the development of staff through work-based apprenticeship schemes.
- A workforce skills audit was undertaken in respect of the COVID 19 pandemic to allow

<p>operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>redeployment of staff based on skills as required, redeployment is still operational in supporting the Council's response to COVID19</p> <p><b>Developing the capability of the entity's leadership and other individuals</b></p> <ul style="list-style-type: none"> <li>• Protocol on Member/Officer Relations that assists both members and officers achieve good working relationships in the conduct of Council business.</li> <li>• Scheme of Delegation that is reviewed annually considering legal and organisational changes.</li> <li>• Constitution that sets out financial management arrangements through the Financial Regulations and Contract Procedure Rules.</li> <li>• Member Development is managed via the Group Leaders and training is provided as needed. Members are updated on legal and policy changes etc. as required.</li> <li>• Induction programmes for all members and employees.</li> <li>• Training for employees is made available through Leap into Learning which provides all employees with access to online training courses that can be tailored to the individual, dependent upon role undertaken.</li> <li>• Staff are regularly appraised which includes the identification of training and development needs and drawing up of training action plans to address these.</li> <li>• Apprenticeship Programme offering training, skills and experience in local government.</li> <li>• Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored.</li> <li>• A coaching connections network group has been established to build a pool of people who are skilled in facilitating personal development tools and to develop internal coaching capacity. This network provides group and individual personal development and coaching support to help people through change.</li> </ul>
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**Core Principle F: Managing risks and performance through robust internal control and strong public financial management**

<p><b>Rationale:</b> Local government needs to ensure that the organisations and governance structures that it oversees have</p>	<p><b>Shropshire Council's commitment to achieving good governance is demonstrated below:</b></p> <p><b>Managing risk</b></p> <ul style="list-style-type: none"> <li>• Risk management arrangements that are embedded across all service areas and help inform decision making.</li> </ul>
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implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.

Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.

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

- Risk and Opportunity Management Framework that is subject to annual review and reported to the Audit Committee on an annual basis.
- Responsibilities for managing individual risks are contained within the Opportunity Risk Management Strategy.
- The Senior Management Team regularly reviews the strategic risk register and seeks assurances that it is kept up to date and actions to mitigate risks are implemented.
- Operational risks are reviewed by risk owners on a regular basis.
- Council strategic risks have been identified, aligned to the Annual Governance Action Plan and a member of the Senior Management Team assigned as the risk owner. Risk profile and actions plans have been put in place to ensure the risks are mitigated effectively and are reviewed monthly.
- Business Continuity processes have continued to operate thorough the year to manage the risks caused by flooding and the COVID pandemic.

**Managing performance**

- The Council has five established overview and scrutiny committees which operate under clear terms of reference and rules of procedures laid down in the Constitution. Scrutiny Committee chairs and members have clearly laid down accountabilities in the Constitution. Members may not participate in the scrutiny of decisions they were involved in.
- The Council is part of a long standing and effective Joint Health Overview and Scrutiny Committee with Telford and Wrekin Council. This reflects the reality that most substantial changes to services covered by the statutory duties for Health Scrutiny affect services across both local authority areas and as such would need to be looked at jointly, in line with regulatory direction.
- There is a standardised format for all committee reports which includes background to the report, any recommendations that decisions need to be made upon together with reasons behind those recommendations. A Sharepoint site facilitates approval of draft reports prior to Cabinet by key officers.
- Reports, minutes and decisions under member consideration are published on the website and are available in hard copy in a variety of formats on request.
- Contract Procedure Rules and Financial Regulations set out the Council's arrangements and ensure that processes continue to operate consistently.
- An effective internal audit service is resourced and maintained as evidenced by an External Quality Assurance review 2021/22. Internal Audit prepares and delivers a risk-based audit plan in line with Public Sector Internal Auditing Standards which is kept under review to reflect changing priorities and emerging risks.

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

- The Council continues to benchmark its services to assist in identifying areas for review and to ensure that as many performance indicators as possible are performing to the standards that the Council sets. This includes the use of peer reviews to ensure efficiency of operations and learning from External statutory reviews, i.e. Ofsted.

### **Robust internal control**

- There is an effective apolitical Audit Committee with clear terms of reference which are reviewed annually and based on the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Guidance.
- The Audit Committee, which is independent of Cabinet, oversees the management of governance issues, risk management framework, internal control environment, financial reporting and Treasury Management. Its performance is subject to annual self-assessment.
- An annual report is produced by Internal Audit which provides an opinion on the Council's control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit.
- Anti-Fraud and Corruption Strategy which is subject to regular review and is approved by the Audit Committee.
- Quarterly fraud reports summarise anti-fraud activity in the year.
- An Annual Governance Statement (AGS) that is subject to review by the Audit Committee.
- Training is provided to Audit Committee members on areas relevant to their role.
- There are frameworks in place in relation to child and adult safeguarding.

### **Managing data**

- The Council has a small Information Governance team committed to ensuring the principles of Data Protection, Freedom of Information and Transparency are followed.
- Information governance and security awareness including individual responsibilities and good practice is raised and embedded with officers and elected members through the mandatory information governance and cybersecurity training. This is reinforced via targeted communications and more recently phishing simulations.
- The Council's Information Management Strategy provides guidance on the arrangements that must be in place to ensure personal data is kept protected and secure.
- Effective information sharing is undertaken in accordance with the Data Protection Act and the Council's Data Protection Policy.
- Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the Council's overall

	<p>Privacy Notices published on our website and individual Privacy Statements on forms, in booklets etc.</p> <ul style="list-style-type: none"> <li>• A formal Data Sharing Framework Protocol between Shropshire and Telford and Wrekin Partnership in respect of jointly delivered health services.</li> <li>• Data verification and validation processes are integrated within systems and processes.</li> </ul> <p><b>Strong public financial management</b></p> <ul style="list-style-type: none"> <li>• An audited and signed Statement of Accounts is published on an annual basis containing:             <ul style="list-style-type: none"> <li>- A statement of responsibilities for the Statement of Accounts.</li> <li>- A statement of the Council's accounting policies.</li> </ul> </li> <li>• An Annual Governance Statement signed by the Leader of the Council and the Chief Executive Officer/Head of Paid Service.</li> <li>• Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015), is reviewed annually.</li> <li>• Financial procedures are documented in the Financial Regulations.</li> <li>• Financial Strategy in place.</li> <li>• The financial position is reported quarterly to Cabinet.</li> <li>• Measures invoked in March 2020 in respect of the COVID 19 Pandemic in line with central government guidelines continued throughout the 2021/22 financial year.</li> </ul>
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**Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

<p><b>Rationale:</b>          Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able</p>	<p><b>Shropshire Council's commitment to achieving good governance is demonstrated below:</b></p> <p><b>Implementing good practice in transparency</b></p> <ul style="list-style-type: none"> <li>• Agendas, reports and minutes are published on the Council's website.</li> <li>• Adoption of a style guide document that outlines how to communicate more effectively and to ensure communications are consistent and clear.</li> <li>• Adoption of and implementation against the National Transparency Code.</li> <li>• The Cabinet is the Council's key decision-making body and makes decisions within the policy framework approved by Full Council. It is made up of the Leader, who is elected by the Council, and up to nine members. When key decisions are to be discussed or made, these are published in the Cabinet forward plan in so far as they can be anticipated. If</li> </ul>
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to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

these key decisions are to be discussed with Council officers at a meeting of the Cabinet, this will be open for the public to attend except where personal or confidential matters are being discussed. The Cabinet must make decisions which are in line with the Council's overall policies and budget. If it wishes to decide which is outside the budget or policy framework, this must be referred to the Council to decide.

**Implementing good practices in reporting**

- Annual Financial Statements are compiled, published to timetable and included on the Council's website.
- An annual report from each of the scrutiny committees is presented to Council alongside reports from the portfolio holders; the scrutiny reports detail the past work of the Committees, the present work and future.
- Completion of an Annual Governance Statement (AGS).
- A Business Plan and Financial Strategy setting out the Council's mission and priorities.

**Assurance and effective accountability**

- The AGS sets out the Council's governance framework and the results of the annual review of the effectiveness of the Council's arrangements. The AGS includes areas for improvement.
- An effective internal audit service is resourced and maintained. The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the Council's internal control arrangements.
- External Audit provides an annual opinion on the Council's financial statements and arrangements for securing Value for money.
- The Council actively welcomes peer challenge, reviews and inspections from regulatory bodies.
- The Shropshire Compact is a set of shared principles and guidelines for effective partnership working between Shropshire's public sector bodies and the Voluntary and Community Sector (VCS). It acts as guidance to ensure shared understanding of responsibilities and obligations and works towards best practice in partnership.

## Appendix B – Shropshire Council’s Corporate Governance Framework

‘The International Framework: Good Governance in the Public Sector’ defines ‘governance’ as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The framework also states that to deliver good governance in the public sector both governing bodies and individuals working for them must always try to achieve the Council’s objectives while acting in the public interest .							
Core Principles	(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	(B) Ensuring openness and comprehensive stakeholder engagement	(C) Defining outcomes in terms of sustainable economic, social, and environmental benefits	(D) Determining the interventions necessary to optimise the achievement of the intended outcomes	(E) Developing the Council’s capacity, including the capability of its leadership and the individuals within it	(F) Managing risks and performance through robust internal control and strong public financial management	(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance	<u>The Constitution</u>	<u>Corporate Plan</u>	<u>Committee Reports</u>	<u>Forward plan</u>	<u>The Constitution</u>	<u>The Constitution</u>	<u>Audit Committee</u>
	<u>Schemes of delegation</u>	<u>Members’ roles and expectations</u>	<u>Corporate Plan</u>	<u>Budget Consultation</u>	<u>Member and staff development</u>	<u>Audit Committee</u>	<u>Committee Framework</u>
	<u>Audit Committee</u>	<u>Local Joint Committees</u>	<u>Committee Framework</u>	<u>Stakeholder Engagement</u>	<u>Member Induction Programme</u>	<u>Committee Framework</u>	<u>Councillors and decision making</u>
	<u>Councillors and decision making</u>	<u>Public Meetings and decisions recorded</u>	<u>Councillors and decision making</u>	<u>Option Appraisals</u>	<u>Recruitment and Selection process</u>	<u>Financial Procedure Rules</u> <u>Contract Procedure Rules</u>	<u>External audit of accounts and Value for money opinion</u>
	<u>Statutory Officers Roles: Chief Executive, Chief Financial Officer, Monitoring Officer, Head of Paid Service. HR policies.</u>	<u>Annual Statement of Accounts and Annual Governance Statement published</u>	<u>Procurement Strategy</u>	<u>Annual Governance Statement / Assurance Framework</u>	<u>Staff Appraisal Process</u>	<u>External audit of accounts and Value for money opinion</u> <u>Financial Strategy</u> <u>Annual Statement of Accounts and Annual Governance Statement published</u>	
	<u>Financial Procedure Rules</u> <u>Contract Procedure Rules</u> <u>Financial Strategy</u>	<u>Council website records all council meetings and key decisions</u>	<u>Public Sector Social Value Act 2012</u>	<u>Financial Strategy</u>	<u>Peer Reviews / External Inspection</u>	<u>Opportunity Risk Management Strategy</u>	<u>Annual Statement of Accounts and Annual Governance Statement published</u>
	<u>Members (E1) and Employees Codes of Conduct</u>	<u>Corporate performance, financial and risk reporting framework</u>	<u>Commissioning Strategy</u>	<u>Councillors and decision making</u>	<u>Benchmarking</u>	<u>Open Data and Transparency Code</u>	<u>Internal Audit Service Head of Audit’s Annual Opinion / Report (Item 10)</u>
	<u>Members / Officers Register of Interests / Register of Gifts and Hospitality</u>	<u>Open Data and Transparency Code</u>	<u>Financial Strategy</u>	<u>Opportunity Risk Management Strategy</u>	<u>Internally led reviews / independent challenge</u>	<u>Strategic and Operational Risk Registers</u>	<u>Financial Strategy</u>
	<u>Protocol for Member Officer Relations (E85)</u>	<u>Customer feedback / Complaints Policy</u>	<u>Social Value Charter</u>	<u>Alternative Service Delivery Models</u>	<u>Alternative Service Delivery Models</u>	<u>Risk Based Internal Auditing Service / Plan (Item 17)</u>	<u>Strategic performance, financial and risk reporting framework</u>
	<u>Counter Fraud, Bribery and Anti-Corruption Policy and Strategy</u>	<u>FOI Publication Scheme</u>	<u>Opportunity Risk Management Strategy</u>	<u>Corporate performance, financial and risk reporting framework</u>	<u>Commissioning Strategy</u>	<u>Internal Audit Service Head of Audit’s Annual Opinion / Report (Item 10)</u>	<u>Open Data and Transparency Code</u>
	<u>Whistleblowing Policy and hotline</u>	<u>Public Consultations</u>	<u>Corporate performance, financial and risk reporting framework</u>	<u>Service Plans</u>	<u>Continuing Professional Development Programmes</u>	<u>Corporate performance, financial and risk reporting framework</u>	<u>Website</u>
	<u>Opportunity Risk Management Strategy</u>	<u>Shropshire Compact</u>	<u>Corporate Climate Change Strategy</u>	<u>Project Management</u>	<u>Safety, Health and Wellbeing Internal health and safety</u>	<u>Counter Fraud, Bribery and Anti-Corruption Policy and Strategy</u> <u>Anti-Money Laundering Policy</u>	<u>FOI Publication Scheme</u>
	<u>Customer feedback / Complaints Policy</u>	<u>Voluntary and Community Sector Assembly</u>		<u>Whistleblowing Policy and hotline</u>	<u>Workforce Strategy</u>	<u>Emergency / Business Continuity Management</u>	<u>Complaints Annual Report</u>
	<u>Financial Strategy</u>		<u>Corporate Plan</u>	<u>Leap into Learning</u>	<u>Information Management Strategy</u>		