



Babergh & Mid Suffolk District Councils

# Annual Governance Statement

2021 - 2022



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# Introduction

Good governance is important in ensuring good decision making and leadership in local authorities. Weakness in governance can have far reaching implications for individual councils and the people they serve.

It is therefore important for councils to have a way to work through what good governance looks like for them, to understand how the risk of weak governance can be minimised and be fully aware of the attitude and behaviours that underpin this.

The Leaders of each Council and the Chief Executive all recognise the importance of having good rules, systems and information available to guide the Councils when managing and delivering services to the communities of Babergh and Mid Suffolk.

Each year the Councils are required to produce an Annual Governance Statement which describes how its corporate governance arrangements have been working.

## What is Corporate Governance?

Corporate governance is both the policies and procedures in place and the values and behaviours that are needed to help ensure the Councils run effectively, can be held to account for its actions and delivers the best possible outcomes for the communities it serves with the resources available.

Babergh and Mid Suffolk District Councils have adopted a Local Code of Corporate Governance that sets out a commitment to corporate governance and summarises the governance arrangements and activities in place to which it is accountable to and engages with its communities.

The Local Code reflects the core and sub-principles outlined in the 2016 CIPFA/SOLACE\* Framework, 'Delivering Good Governance in Local Government'.

(\* CIPFA – Chartered Institute of Public Finance and Accountancy, SOLACE – Society of Local Authority Chief Executives)



# The Councils' responsibility in relation to Corporate Governance

Babergh and Mid Suffolk District Councils are responsible for ensuring that its business is conducted in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Councils also have a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Babergh and Mid Suffolk District Councils are also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

This Statement explains how the Councils have complied with the Local Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government.'

## The Council's governance framework aims to ensure the organisation:





## What is a Governance Assurance Framework?

Assurance provides confidence. Based on sufficient evidence, that internal controls are in place and are operating effectively and that priorities/objectives are being achieved.

An Assurance Framework is a structure within which Councillors and Senior Management identify the principal risks to the Council meeting its key priorities, and through which they map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls.

The assurance framework underpins the statements made within the Annual Governance Statement.

An assurance process is in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the Councils.

The key elements of the systems and processes that comprise the Councils' governance arrangements are:

**A,** Members exercising strategic leadership by developing and keeping under review the corporate priorities of the Councils;

**B,** An established integrated planning process which ensures that services are delivered in accordance with the Councils' objectives and represents the best use of resources;

**C,** Measuring performance in achieving objectives through the Councils' performance management;

**D,** Having a written Constitution which specifies the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;

**E,** Having developed and embedded Codes of Conduct which define the standards of behaviour for members and employees;

**F,** Setting out, within the Constitution, Schemes of Delegation to members and officers, Financial Procedure Rules and other supporting procedures which clearly define how decisions are taken and the processes and controls required to manage risks. Also, having in place arrangements to ensure these are reviewed regularly;

**G,** Having a Joint Audit and Standards Committee which promotes and maintains high standards in relation to the operation of the Councils' Code of Corporate Governance, and ensures that the Councils operate within the law, in accordance with the Councils' internal procedures. The Committee is also responsible for overseeing risk management and the associated control environment and ensuring that the Councils' financial performance is properly monitored;

**H,** Appointing statutory officers to support and monitor the Councils' governance arrangements, ensure expenditure is lawful and guarantee compliance with relevant laws and regulations, internal policies and procedures;

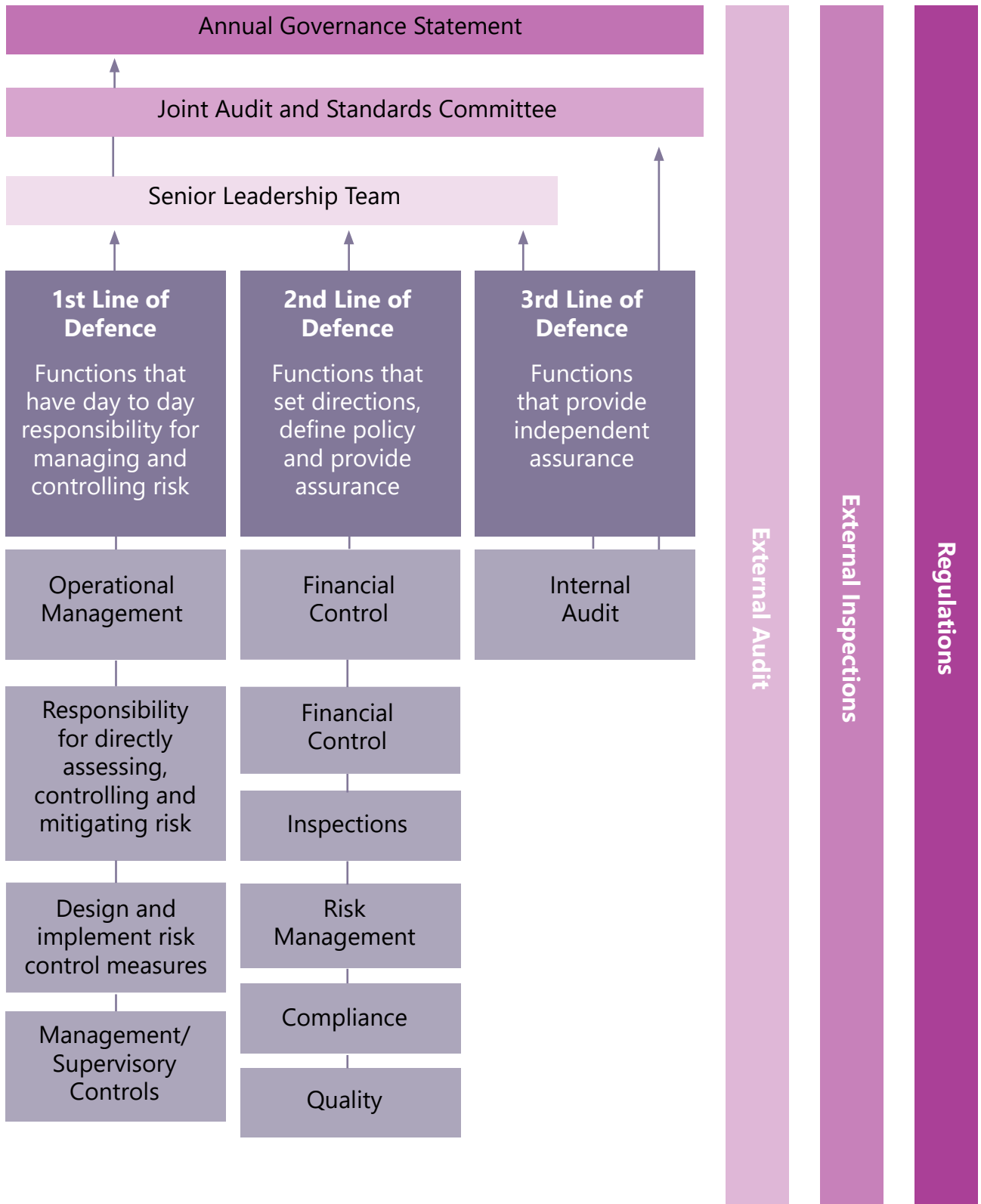
**I,** Having embedded arrangements for whistleblowing and for receiving and investigating complaints from the public, supporting the measurement of the quality of services for users; and

**J,** Having a programme of actions which aims to keep communities informed; support people to be involved in their local communities; promote local democracy; support communities in shaping places and services; improve the Councils' understanding of how communities work and coordinate community engagement activity.

## Review of Effectiveness

The Councils have responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including its internal control system.

The review of effectiveness is informed by the three lines of defence (i.e., from senior management within the Councils who have responsibility for the development and maintenance of the governance environment; the Corporate Manager responsible for Internal Audit; inspections made by external auditors and other review agencies and inspectorates).





## Introduction from the Strategic Director

This statement sets out the management arrangement and opinions from key officers regarding the governance of Babergh and Mid Suffolk District Councils.

Governance and Assurance has taken on an increased importance over the years. The Councils face a particularly difficult financial landscape and the report identifies the importance of appropriate arrangements for setting and managing budgets and the necessary control mechanisms to ensure compliance with the law and good practice.

## Opinion of the Assistant Director – Law and Governance and Monitoring Officer

### Overall Assurance Statement

The Monitoring Officer's overall assessment is that the Councils have complied with their Constitutions, governance arrangements and statutory obligations. The governance framework is sound and the Councils have adequate arrangements for making urgent, delegated decisions. Councillors and Officers have access to adequate support and training to assist them with fulfilling their duties and ensuring the highest standards of conduct. The Councils have complied with the requirements for openness and transparency.

### Governance Framework

The Councils have each adopted Constitutions which are based on the Model Constitution. BMSDC have effectively adopted a joint Constitution with a few minor variations between the Councils. The Constitutions provides the ethical framework for lawful and transparent decision-making, including those decisions made by officers under delegation. The Constitutions also set out the conduct frameworks for Officers and Councillors.

Decisions are undertaken by the Full Council, Committees of the Council, the Cabinet (Executive functions) and Officers. All decisions are supported by formal written reports which include legal, financial, risk, equalities and environmental impact considerations. Formal minutes of the meetings are produced and published promptly after each meeting. In respect of Cabinet decisions, a decisions notice is produced and published within 48 hours of the meeting.



## Action for 2022/23:

The Monitoring Officer is required to regularly review the Councils' constitutions and it is their intention to convene a Constitution Working Group during 2022/23 to review part 2 (Responsibility and Functions), part 3 (Rules of Procedure) and part 4 (Codes and Protocols) of the constitutions.

In March 2022, Babergh District Council considered whether to revert to Committee style of governance or to retain the Leader-Cabinet model. It was decided to retain the Leader and Cabinet model but to put in place a number of enhancements to improve the way that the Cabinet engages with the wider Council membership. The Monitoring Officer will be working with the Leader and Cabinet Members in 2022/23 to implement and evaluate these enhancements.

## Statutory Officers

The Statutory Officers; Monitoring Officer, Head of Paid Service and S.151 Officer, and the Corporate Manager for Internal Audit meet bi-monthly to consider any issues relating to governance matters. This enables us to proactively identify any potential issues and share recent legislative and best practice updates.

## Employee Induction

The Monitoring Officer runs a workshop on Political Awareness and Decision-Making as part of the Employee Induction Programme. This includes information about the constitution, the decision-making structure of the Councils, the employee code of ethics and working within a political environment.

## Councillor Development

A Councillor development working group has been established including Councillors from both Councils and representing a range of political groups to oversee the year-round Councillor Development Programme.

This programme includes a blend of internal and external training, e-learning, face to face training sessions and virtual training sessions.

Councillors that sit on regulatory (planning and licensing) committees are required to complete technical training at least every 2 years. We also hold regular Joint Councillor Briefings to help keep Councillors up to date with information to support them in their roles as decision makers and community leaders.

## Transparency

The Councils are committed to the highest levels of openness and transparency in all their activities. The Forthcoming Decisions List is published weekly and includes not just Cabinet business but also upcoming Council decisions. Wherever possible meetings are held in the Council Chamber which enables the meeting to be recorded and audio-visual footage to be live streamed to the Councils' YouTube channel. This footage is available to be viewed again after the meetings. Live streaming has made the formal meetings of the Council, Cabinet and Committees much more accessible to the public.

## Action for 2022/23:

Hybrid meeting technology is currently being trialled which will enable public speakers and other non-voting participants to join and contribute to meetings virtually.

## Standards

The Councils promote the highest levels of ethical behaviour and conduct. In 2019 the Councils adopted a set of behavioural values for employees which have been incorporated into the Councils' annual performance reviews. The Constitution sets out a code of conduct for employees which includes requirements in respect of registering interests and gifts and hospitality.

In March 2022, the Councils adopted the LGA's model code of conduct as their new Local Code of Conduct for Councillors. Training and support is currently being programmed for district and town and parish Councillors to ensure that the provisions of the new code are fully understood and to maximise compliance with the code.

The Monitoring Officer has appointed two deputies to assist with responding to code of conduct complaints and to provide advice and guidance to district Councillors and Town and Parish Councils about conduct matters. All complaints are dealt with in accordance with the Councils' adopted code of conduct complaints procedure. We are currently reviewing the online complaints form to ensure that is accessible and easy to complete. The Councils have formally appointed a pool of Independent Persons who are consulted at various stages in the complaints process.

## Covid-19

The Councils have continued to adapt and evolve in relation to the ongoing Covid-19 pandemic response. Decision making meetings have been enabled to continue in person by ensuring that appropriate covid-safe arrangements have been in place. We have utilised virtual meeting technologies for informal meetings and briefings which has not only helped prevent the transmission of the virus but also contributed towards our carbon reduction ambitions.

## Pre-election Moratorium in 2023

As the Councils head towards all-out elections in May 2023 the Councils will be taking steps to observe the pre-election period of restricted publicity (or moratorium / purdah). This will officially start with the publication of the notice of election; however, advice and guidance will be made available to officers and Councillors from Autumn / Winter 2022.



## Opinion of the Assistant Director – Corporate Resources (S151 Officer)

The statutory role of the Chief Finance Officer (CFO) in relation to financial administration and stewardship of the Council and their role in the organisation are both key to ensuring that financial discipline and strong public financial management is maintained. Financial management arrangements conform to the governance requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government (2016).

Local authorities are subject to a range of safeguards to ensure they do not over-commit themselves financially. These safeguards include the statutory duties of the CFO which are set out in the Financial Regulations that form part of the Councils' Constitution. The statutory duties include the requirement to report to Council if there is, or is likely to be, unlawful expenditure or an unbalanced budget (under Section 114 of the Local Government Act 1988).

Alongside the statutory role of the CFO, the Councils have in place several financial management policies and controls which are set out in the Financial Regulations. Internal financial controls include separation of duties, management supervision, relevant staffing structures including appropriately skilled, trained, or qualified staff, and a system of delegation and accountability.

Other safeguards which ensure that strong public financial management is in place include:

- the statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment;
- the balanced budget requirement of the Local Government Finance Act 1992 (Sections 32, 43 and 93); and
- the external auditor's consideration of whether the authority has made proper arrangements to secure economy, efficiency, and effectiveness in its use of resources (the value for money conclusion).



The Joint Audit and Standards Committee is responsible for undertaking the Councils' responsibilities in relation to financial governance issues, they support the CFO in their statutory role in connection with financial probity and they review and approve the Annual Statement of Accounts.

The published Annual Statement of Accounts is the statutory summary of each Councils' financial affairs for the financial year. Its purpose is to give clear information on the income and expenditure of the Councils and to demonstrate the Councils' stewardship of public money for the year.

The most recent Annual Audit Letter from Ernst & Young (EY) dated July 2021 gave the Councils an unqualified opinion on their 2019/20 statement of accounts and issued an unqualified value for money conclusion. The auditors were satisfied that the accounts had been prepared properly in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. There was a delay in getting the 2019/20 statement of accounts signed off by EY, but this resulted from the knock-on impact of the late 2018/19 audit and continuing resourcing issues within EY, as opposed to any governance issues within the councils.

The delay with the 2019/20 audit has also had a knock-on impact to the audit of the 2020/21 accounts. The audit commenced in February 2022, but due to the scheduling of audits for the NHS and the need for EY to prioritise that work, it is unlikely that the final report will be issued until July 2022. From the work undertaken to date, no major issues have been raised, so it is anticipated that an unqualified opinion on the accounts and value for money conclusion will again be the outcome.

Work has been undertaken on the areas for improvement that were identified as part of the audit of the 2019/20 accounts, but the outcome from this will not be known until the 2020/21 audit is complete.

## Covid-19

The Covid-19 pandemic continued to have an impact on the Councils' financial position and governance arrangements in 2021/22, but not as significantly as the previous year. The Suffolk CFO network has continued to be used to share information and report the total impact across the Suffolk public sector to the Public Sector Leaders.

A Covid-19 reserve was established in 2020/21 for each Council and at the end of that financial year a balance was held that was brought forward to manage any adverse effect in 2021/22. In addition, when setting the budget for 2021/22, allowance was made for the anticipated continued impact of Covid-19 and a further allocation of funding was received from the Government for the first quarter of 2021/22.

The impact continues to be reported quarterly to Cabinet and it is expected that both Councils will still have some money in the Covid-19 reserve at the end of 2021/22 to further manage both the impact and recovery activity in 2022/23.

The Councils also continue to undertake a going concern assessment for the auditors, as part of the audit of the 2020/21 accounts, which demonstrate financial resilience during the pandemic.

During 2021/22, each Council continued to administer grants, which the Government made available to local businesses, in addition to self-isolation payments to individuals. This has been through a combination of payments following Government guidance or the development of discretionary policies. All discretionary policies have been approved in accordance with the Councils' Constitutions. On top of this, varying levels of business rates relief continued to be administered for the retail, hospitality and leisure sectors. During the latter part of 2021/22, the Councils began to respond to the Government's requests for reconciliation and post-payment assurance checks from the grant schemes that were closed. To date, these have not revealed any control weaknesses in the Councils' processes.

Internal Audit has maintained a financial governance assurance framework, to gain sufficient assurance on governance, risk management and control arrangements. The work of Internal Audit continued to include additional work undertaken as a result of the administration of the business grants, to minimise the risk of fraudulent claims being paid. Internal Audit undertook a budgetary control review in 2021/22 to provide management with insight as to how the processes could be improved. The audit focused on how the finance system could be used to drive reports, use of check totals, the processes and procedures to produce reports including the timetable and the role of the Finance Business Partners. A number of recommendations were made, and these are being implemented via the finance transformation plan.

The Councils take an annual approach to business planning, allowing a close link between business and financial planning. The Joint Medium Term Financial Plan is used to align resources to key priorities and forms the basis of the annual budgeting process.

The Councils have a record of setting balanced budgets, no history of overspending, modest increases in council

tax and no significant reductions in service levels during reductions in government funding. Further cost reductions or additional income was identified respectively for the 2022/23 budgets without again having any significant impact on the level of services provided to the public and neither council had to impose the maximum increase in council tax. Following reflection of the annual underspends by each Council, the approach was changed for the 2022/23 budgets, with budget managers being asked to set more stretching yet realistic estimates. The outcome of this will be seen during 2022/23.

Robust budget management arrangements are in place including regular monitoring and reporting to the Senior Leadership Team (SLT) and Cabinet. Within operational service Directorates, monthly forecasts are discussed, and with the support of the Finance Business Partners variances are challenged with the budget holder. Quarterly financial performance is also discussed with Assistant Directors and Portfolio Holder's.

During the budget preparation work for 2022/23, several briefings were held for councillors. This was to give them an opportunity to shape the proposals, but also to aid their understanding of the financial position of the two Councils before they undertook their key role in the financial governance of the two councils at the annual budget-setting Council meeting or via the budget scrutiny process. External finance training was also provided to the Cabinets and Overview & Scrutiny Committee members during the budget setting process, to outline and reinforce their respective roles.

During 2021/22, the management arrangements of the Finance Team were changed, to provide additional capacity to undertake developments across a range of measures, including the procurement of a new finance system for delivery in 2023. A transformation plan and resourcing have been agreed, with some actions delivered in 2021/22, but this work will continue throughout 2022/23.

In October 2019, CIPFA issued a new Financial Management Code, which includes principles of good financial management including several associated standards the Councils need to achieve. These are the benchmarks against which all financial management will be judged in future. Work to assess the Councils' current position against the standards was undertaken during 2021/22 and the actions required to ensure that all standards are being complied with were included within the finance transformation plan.

Towards the end of 2021/22, the Councils invited the Local Government Association to undertake a corporate peer challenge. Whilst the detailed report has yet to be published, the immediate feedback from the team at the end of the challenge was that both councils are financially stable, have a simple practical approach to cost sharing, CIFCO has delivered financial returns, there are some early successes from the Growth Companies, and we have adapted investment strategies in light of changes to the Prudential Code. Some areas for consideration were also identified and will be considered by the Councils in 2022/23, as part of the action plan in response to the challenge report.

The opinion of the Chief Finance Officer is that the Councils continue to operate robust internal controls and good public financial management. Action is taken to manage the financial pressures and develop strategies to meet any immediate and long-term financial challenges that the Councils face. This is evidenced by both internal and external audit reports, together with regular reporting on budgetary control. There has been no re-course for the CFO to exercise her statutory powers and the Councils comply with their financial regulations and procedures together with relevant codes of practice and guidance.





## Opinion of the Corporate Manager – Internal Audit

Internal Audit is an independent and objective function with all audit work carried out in this capacity and in accordance with the Audit Charter, Code of Ethics and Public Sector Internal Audit Standards.

The work of Internal Audit is resourced from existing staff and from an external audit partner reporting directly to the Corporate Manager for Internal Audit. This arrangement still allows a direct internal provision plus the commissioning of external skills and capacity and provides a blend of resources from within the Councils and from an external partner of services.

The option of working with an external partner currently makes good sense in that management still retains control over the internal audit function while at the same time leveraging the internal audit resource of the third-party service provider. It provides access to valuable and diverse specialised skills as needed and achieves a level of flexibility which can be critical in effectively dealing with a range of operational issues.

The Corporate Manager for Internal Audit is required to provide an independent opinion on the overall adequacy and effectiveness of the Councils' governance, risk and control framework and therefore the extent to which the Councils can rely on it.

An internal audit review of the Councils' compliance to the seven core principles of good governance, underpinned by the risk management arrangements, assurance & governance audits, has shown that there are sound governance arrangements in place.

76% of internal audit work completed during 2020/21 has yielded either a 'Substantial' or (Sufficient) 'Reasonable Assurance' opinion over the design and operation of the services, systems and processes audited. For the one audit review that was assessed as having 'Limited Assurance,' actions have been agreed with management to improve controls and are closely monitored until such a time they are addressed. This work will be followed up in early 2022/23. Any outstanding weaknesses in the governance, risk and control framework will continue to be followed up by Internal Audit.

The Corporate Manager – Internal Audit is responsible for the delivery of an audit opinion and report that can be used by the Councils to inform its governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

Although the Councils’ response to the Covid19 emergency and reprioritisation of workloads has had some impact on the Internal Audit resource and its ability to deliver normal audit work during the course of the year the Corporate Manager for Internal Audit is satisfied that sufficient assurance work has been carried out to allow to form a reasonable conclusion.

The Corporate Manager for Internal has performed his duties in accordance with CIPFA’s guidance on the Role of the Head of Internal Audit. In giving the audit opinion, it should be noted that assurance can never be absolute. The most that can be provided is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

In assessing the level of assurance to be given, the Corporate Manager – Internal Audit has based his opinion on:

- **Written reports on all internal audits completed during the course of the year, both assurance and consultancy;**
- **Results of any follow up exercises undertaken in respect of previous years’ internal audit work;**
- **The results of work of other review bodies where appropriate;**
- **The extent of resources available to deliver the internal audit work; and**
- **The quality and performance of the internal audit service and the extent of compliance with the Public Sector Internal Audit Standards (PSIAS).**

- **The impact of Covid-19 and the approach taken by management to evaluate the key governance processes that enable front line Services to operate within a framework of control.**
- **Looking at our Business Continuity arrangements and resilience generally.**

As the Head of Internal Audit I can, in principle, provide reasonable assurance that the general governance controls across the Councils have not been overly weakened because of the changes made to adjust to COVID19.

Audit Opinion – the Corporate Manager – Internal Audit is satisfied the sufficient assurance work has been carried out to allow him to form a reasonable conclusion on the adequacy and effectiveness of each Council’s internal control environment.

It is the Corporate Manager – Internal Audit’s opinion that the Councils’ framework of governance, risk management and internal control is ‘(Sufficient) – Reasonable Assurance’ – the system, process or activity should achieve its objectives safely and effectively. However, whilst there are some control weaknesses most key controls are in place and operating effectively. Where weaknesses have been identified through internal audit review, Internal Audit have worked with management to agree appropriate corrective actions and a timescale for improvement.

## Anti-Fraud and Corruption

The Joint Audit and Standards Committee receive an annual report entitled 'Managing the Risk of Fraud and Corruption.' This report explains the current arrangements in place across both Councils to ensure there is a pro-active corporate approach to preventing fraud and corruption and creating a culture where fraud and corruption will not be tolerated. It also provides details of proactive work undertaken by Internal Audit to deter, prevent and detect fraud and corruption.

Internal Audit has an important role to play in ensuring that management has effective systems in place to detect and prevent corrupt practices within an organisation. This is part of its normal role of supporting Management and the Joint Audit and Standards Committee oversight of risk management. However, it is not the job of Internal Audit directly to detect or prevent corrupt practices - this is the responsibility of management. Internal Audit's role includes promoting anti-fraud and anti-bribery best practice, testing and monitoring systems and advising on change where it is needed.

The Corporate Manager – Internal Audit is responsible for the development and maintenance of a Prevention of Financial Crime Policy and ensuring that Councillors and staff are aware of its content and ensuring that there is a pro-active approach to fraud prevention, detection and investigation and promotes a council wide anti-fraud culture across both Councils.

Part of delivering good governance as defined by CIPFA/SOLACE is ensuring counter fraud arrangements are in place and operating effectively.

Internal Audit has produced a Fraud Risk Register, which contains a list of areas where Internal Audit and Corporate Managers believe the Councils are susceptible to fraud.

The register enables the Councils to focus on suitable internal controls to mitigate any subsequent risk. The register also influences the audit planning process.

The Financial Regulations and Procedures within each Council's Constitution state that the Corporate Manager – Internal Audit is responsible for:

- **the development and maintenance of a Prevention of Financial Crime Policy and ensuring that Councillors and staff are aware of its contents. Due to the variety of activities that can take place under the heading of financial crime the Councils have produced separate sections to support this policy, which include:**
  - **Anti-Fraud and Corruption Policy**
  - **Anti-Bribery Policy**
  - **Anti-Money Laundering Policy**
  - **Whistleblowing Policy (reporting suspicions)**
  - **Financial Crime Response Plan**
  - **Prevention of Financial Crime – roles and responsibilities**
- **ensuring that there is a pro-active approach to fraud prevention, detection and investigation and promote a council-wide anti-fraud culture across both organisations.**



All officers are responsible for giving immediate notification to the Corporate Manager – Internal Audit on fraud matters where there are grounds to suggest that fraud or corruption have occurred.

The Corporate Manager – Internal Audit is the Money Laundering Reporting Officer (MLRO) and is responsible for ensuring that proper procedures are in place to combat the possibility of the Councils being used for money laundering purposes.

CIPFA's Code of Practice for Managing the Risk of Fraud and Corruption (the Code) sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response. The Councils use the Code annually to assess the adequacy of arrangements which are reported annually to the Joint Audit and Standards Committee and action is taken where weaknesses have been identified.

To help fight fraud and corruption locally each Council across Suffolk has nominated a representative to sit on the Suffolk Counter Fraud Group. This group meets regularly every 3 to 4 months.

The objectives of the group are:

- **Keep up to date with national developments in relation to fraud, e.g., Strategies, Counter Fraud Profession, what other Local Authorities are doing;**
- **Identify and share emerging national and local fraud risks;**
- **Explore possibility of sharing and matching data held by Local Authorities to identify possible fraud or error;**
- **Explore possibility of joint working and sharing resources for proactive exercises utilising limited resources across Suffolk Local Authorities;**
- **Share material/resources/ideas of promoting fraud awareness amongst staff and Councillors;**
- **Joint training of staff where appropriate and beneficial;**
- **Share best practice in relation to working arrangements, investigations and case management; and**
- **Investigate cases jointly where appropriate.**

The National Fraud Initiative (NFI) is an exercise that matches electronic data held within, and between public and private sector bodies to prevent and detect fraud. All mandatory participants, including Councils, must provide data for matching with other organisations.

The NFI exercise takes place every two years, with the latest main data extraction completed in December 2020, as part of the 2020/21 exercise. The Election and Single Discount Council tax data annual upload was completed in December 2021.

Internal Audit take a leading role in co-ordinating this exercise across both Councils and with the Shared Revenues Partnership (SRP) working across service areas to support staff in providing data and subsequently investigating and recording the results of matches. Resource levels do not allow all NFI matches to be investigated and an assessment of those that appear to be of a higher risk for examination are carried out.

Business grants data has again been added to this year's upload to NFI to assist in the detection of fraudulent applications. In order to support the detection of fraud even further, NFI has introduced additional powers in terms of obtaining and analysing data within the private and public sector for all business grants, including Covid Business Support grants. The fees are envisaged by NFI not to cause a barrier to local authorities. This is now a mandatory exercise.

Although both Councils have traditionally encountered low levels of fraud and corruption, the risk of such losses both internally and externally is fully recognised as part of each Council's operations that need to be managed proactively and effectively.

## Coronavirus

The UK Government is responding with measures to mitigate the economic and social impact of the COVID-19 pandemic. Sadly, fraudsters will try to take advantage of these emergency measures and as a result Government have issued guidance to local authorities that are administering emergency payments on behalf of the Government.

Local authorities are committed to understanding these risks and taking action to reduce them, whilst dealing with the fraud that occurs where it can.

The fraud threat posed during emergency situations is higher than at other times, and all public bodies should be attuned to the risks facing their organisations and the public sector. Public bodies can reduce the threat of widespread fraud by integrating low-friction controls into payments where possible and carrying out post-event assurance work.

In response to the Government's commitment to financially support small businesses, including businesses which are in the retail, hospitality and leisure sectors Internal Audit have provided resources to the Councils' Business Cell to help ensure that adequate and robust internal controls are in place to prevent and detect potential fraudulent applications. Our review will focus on the end-to-end process of the business grant funding from receipt of application to issue of payment and any post-event assurance undertaken.

The opinion of the Corporate Manager – Internal Audit is that there are adequate arrangements in place to manage the risks of fraud and corruption, and further work is planned to strengthen these through the work of Internal Audit. This will be monitored, and progress reported.



## Looking ahead/Future developments

Some areas where a focus can be expected for 2022/23 follows:

- Continue ongoing NFI exercise;
- Ongoing COVID-19/Omicron support work around business grants;
- Supporting the Business Cell by providing a level of assurance over the administration of energy rebate payments recently announced by Government;
- Supporting both Councils to improve levels of awareness of fraud risks amongst staff;
- Continue collaborating with neighbouring councils to share knowledge and expertise on anti-fraud and corruption measures through the Suffolk Fraud Group; and
- Currently the general public can report fraud through a dedicated email and phone number via Suffolk County Council. These are then passed to Babergh and Mid Suffolk District Councils where relevant.

In order to increase the speed of this service, a dedicated phone number and email for Babergh and Mid Suffolk District Council only will be available shortly to the general public to report allegations of fraud directly. The general public can either phone us and report a fraud through Customer Services or log it online, on our website. The report will be added to a secure platform, accessed by Internal Audit who will coordinate and manage the subject matter internally. When the form has completed all testing successfully, it will be promoted as appropriate as a live service.



## Opinion of the Corporate Manager – Finance (Procurement)

Both Councils total annual supplier spend is approximately £46m, of this 48.7% is with 10 suppliers and there are 66 contracts stored on the Councils central online contract register.

Effective contract management is crucial to the future success and stability of the Councils. Contract management is a delegated function undertaken within Service Directorates across the Councils, with the Commissioning and Procurement Team providing an overview and professional support.

During 2021/22 virtual training via Microsoft Teams in contract management and purchase to pay has been provided for any staff new to the organisation or who need refresher training in these areas.

The Commissioning and Procurement Business Partners (BPs) have brought an enhanced professional focus on the higher value and higher risk contract activities and several complex tenders have been awarded throughout the year. A range of guidance materials, templates and training via Microsoft Teams is available to help anyone undertaking their own procurement. This is backed up by professional advice and support from the Business Partners as required.

The team has set up over 500 new suppliers during 2021/22 after completing the necessary due diligence checks.

Following on from the East of England Local Government Associations review of the Councils commissioning and procurement function, an action plan has been developed and will continue to be implemented during 2022/23. This includes a training programme and guidance for managers on effective procurement and contract management, embedding social value and climate change when commissioning, and exploring shared contract collaboration arrangements.

Work is underway on reviewing the Councils annual spend data to ensure we have contracts in place for all areas of significant spend and looking for synergies across services.

Significant work has been undertaken to create an effective pipeline spend document with a view to publishing this on the Councils intranet during 2022/23.

The Commissioning and Procurement Board is now well-established and consists of members from the Senior Leadership Team as well as the Corporate Manager for Finance and Commissioning and Procurement and the C&P BPs who meet quarterly with the focus on:

- **Making recommendations on requests over £150k;**
- **Review high value contracts (goods and services greater than £150k per year and works greater than £1m) at the end of stage 5 and at stage 9 of the Commissioning and Procurement Cycle;**
- **Oversee the development of the organisations' commissioning plan; and**
- **Oversee the development of revised procedures.**

The Corporate Manager for Finance and Commissioning and Procurement is satisfied that procurement activities are undertaken effectively within the Council and that appropriate systems and processes are in place to enable contracts to be managed effectively.







## Opinion of the Assistant Director – Assets and Investments

Babergh & Mid Suffolk District Councils operate 2 Holding Companies (BDC (Suffolk Holdings) Ltd and MSDC (Suffolk Holdings) Ltd) and 5 trading companies.

They are:

- 1) CIFCO Capital Ltd – a company owned jointly by BDC & MSDC (Suffolk Holdings) Ltd which invests in commercial property for an income return;
- 2) Gateway 14 Ltd, which is wholly owned by MSDC (Suffolk Holdings) Ltd which has acquired 150 acres of commercial development land on the outskirts of Stowmarket to bring forward a commercial development scheme;
- 3) Stowmarket Estates Limited, which is a dormant company, wholly owned by Gateway 14 Ltd to manage services for the completed Gateway 14 development in due course;
- 4) Babergh Growth Ltd, a jointly owned company established with Norse Group Holdings Ltd as the co-owner to deliver residential and commercial development within the district including the redevelopment of the former HQ premises in Hadleigh;
- 5) Mid Suffolk Growth Ltd, a jointly owned company established with Norse Group Holdings Limited as the co-owner to deliver residential and commercial development within the district including the redevelopment of the former HQ premises in Needham Market.

Each of the companies has a board of directors that are supported by a common Executive Team. The Holding Companies are there to oversee the trading companies' performance against business plans and key performance indicators and to support the growth, synergy opportunities and development of the companies in alignment with the Council Shareholders.

The Council companies trade and operate independently but remain closely linked with the Councils as the Shareholders. They each support key priorities of the Councils and provide income to the Councils by way of interest payments on loans and in due course via dividends.

The Companies use Council staff and premises to deliver services, the costs of which are fairly apportioned by the Councils and recharged to the companies. Loan agreements and equity subscriptions between the Council shareholders and companies are documented and managed. During 21/22 the Councils' internal audit team instructed TIAA to undertake assurance reviews of the Holding Companies, Gateway 14 and both Growth Companies.

TIAA concluded that they had reasonable or substantial assurance with regard to the governance and operation of the companies. It is proposed that further audits will be undertaken in respect of the trading companies over the next 2 years. The next area of focus will be the performance of the Growth Companies against their business plan objectives and partnership working.

Assurance and governance of the Companies is managed closely ensuring that Articles of Association are followed and robust decision making and recording. A code of conduct for Directors is in place across the company structures and further training provided in respect of directors' responsibilities and financial requirements. The code has been updated this year to include the Nolan principles of public life.

The trading companies report quarterly to the Holding Companies with updates and present updated business plans for approval by the holding companies annually. In turn the AD for Assets & Investments reports quarterly to Joint Cabinet Briefings on behalf of the Holding Companies.

The Holding Companies also approve the appointment of any new directors to the boards of the trading companies and the drawdown of capital. Quarterly Holding Company meetings are attended by members of the Senior Leadership Team including the Chief Executive, Strategic Director, S151 Officer, Monitoring Officer and Assistant Director for Assets & Investments as required.

Cabinet Members for Finance, Asset & Investments and the Leaders of the Council are briefed monthly on Company activities and the Assistant Director for Assets & Investments reports Company performance quarterly to full Councils. The Councils approve the capital budget for each Company either as part of the annual budget setting or through individual Council reports for specific projects.

Each company is responsible for the management of their risks and the Holding Companies review these on a quarterly basis with the Councils Corporate Manager for Audit & Risk and the Assistant Director for Assets & Investments. The Holding companies also maintain a risk register to oversee and manage the cumulative risks of the trading companies.

The Company structure has been established to be agile and flexible and this has continued to be beneficial during the on-going COVID 19 pandemic where meetings have been held virtually and decisions can be made in writing. We have held our first hybrid meetings this year but expect the companies will continue with a blend of virtual, hybrid and face to face meetings as appropriate in the future. Business as usual has continued for each of the companies with staff and directors able to work remotely.

The Council Companies are an integral part of the Councils' approach to generating income which is of on-going importance as we face the consequences of COVID 19, the cost of living crisis, high inflation and the impacts of war in the Ukraine. The Companies also help to deliver a number of the Councils' key priorities such as to increase housing delivery, improve the availability of business premises within the districts delivering more job and skills opportunities and delivering developments in a sustainable way. Governance and assurance arrangements continue to be transparent and robust.



## Opinion of the Head of Human Resources and Organisation Development

To ensure compliance and guidance for our people, we have a comprehensive range of people policies and associated supporting guidance, and procedures. These are all available to staff and line managers through our intranet system, Connect, and are supported by toolkits providing useful information, templates, and best practice. All this information is regularly monitored to ensure that changes in legislation are incorporated and that they reflect and support the Councils' priorities.

Performance against relevant indicators such as absence is monitored and presented at the relevant Cabinet or Senior Leadership Team meetings. A further breakdown of individual departmental performance is shared with the respective Corporate Manager.

Examples of areas monitored include days lost, numbers of people, long term, and mental health related absence.

During the pandemic, absence has been monitored daily to allow for support mechanisms to be put in place where required. As we move out of Covid restrictions, we will be reporting on a weekly basis. Through this routine performance reporting, the Councils can identify areas of interest and concern. This allows for further scrutiny and for steps to be put in place, where appropriate, to mitigate any abnormal variances and to support our people.

We have a robust recruitment process in place and work to keep recruitment costs as low as possible and we regularly monitor spend relating to temporary and contract workers. Our right to work checks and referencing are thorough to ensure that we are working to the required legislation. We are a disability confident employer, and all our recruitment policies and practices are inclusive to ensure fairness and consistency for all applicants.

We monitor and publish gender pay in line with legislation and have an action plan in place with the aim of reducing the pay gap across the organisation.

We are also developing our internal Equality, Diversity, and Inclusion strategy. In Mid-2021 we commissioned an Equality, Diversity, and Inclusion (EDI) specialist to facilitate focus groups with our people to understand how culture is experienced by all our employees, how inclusive the councils are and the impact this has on diversity, and what influences career progression in our councils. Learning from those workshops will be shared and we have also committed to EDI awareness and engagement sessions for leaders and staff. We already have EDI training in place for all employees.

Our induction programme for new recruits is a virtual programme compiled of short sessions as a group, e-learning modules, and individual meetings. Line Managers are supplied with all the detail they require to ensure that their new starters are welcomed and inducted into the organisation. Links and modules are provided to ensure that some of the key learning areas around how we operate and our processes and policies, can be accessed and completed online. Our code of conduct and our values and behaviours are readily available to our people and are included in our employee induction process.

There is a People Strategy in place, and this outlines the strategic workforce priorities for the Councils. This includes the people transformation programme and incorporates how the Councils' values and behaviours will be embedded into the organisation. The strategy is underpinned by a 3-year action plan with associated timescales.

We have a performance review process in place that incorporates measurable objectives, with a thread from strategic priorities to service plans and individual objectives, as well as measures around the values and behaviours that have been developed by the Councils' employees.

A behavioural framework has been developed for the purpose of providing the required guidance and is available on our intranet, Connect. Spot checks are carried out by the HR Team to ensure that regular 121's and reviews are taking place.

We have traditionally carried out Staff Surveys on a bi-annual basis, the last one of this format having taken place at the end of 2019/20, prior to the pandemic. We recognised that the analysis of these surveys, due to the size, took a long time and therefore are now carrying out much smaller pulse surveys three times per year so that we can respond to feedback in a much more dynamic way. Our most recent pulse survey identified areas of high performance along with areas that require focus, and the HR & OD Team is continuing to work with Directorates to ensure that action plans are in place to address some of the areas that require focus.

In addition to our comprehensive toolkits on our intranet, hands on support for teams to deliver their services is provided by HR and OD Partners and Advisors and our HR Support Team for recruitment and transactional services.

All our people have access to coaching and mentoring through the Suffolk Coaching and Mentoring partnership. The Leadership Development Programme commenced in mid-2020 for Cabinet, Senior Leaders and Corporate Managers and is still underway. As part of the performance process, we also agree learning and development plans with our people for the year ahead.

The Councils have a Learning and Development Plan in place that sits as part of the People Strategy. Over the coming 12 months, we will also be implementing a new HR Information system which will also have a learning and development management system as part of it and this will allow the recording of all learning and development to ensure compliancy and identify potential skills gaps.

The Councils are working as part of the Suffolk wide apprenticeship group and are welcoming apprentices into the organisation, whilst also taking advantage of apprenticeship levy funds to support internal learning and development of our people. We also work with the partnership to recruit interns and graduates.

During lockdown, the Councils introduced a Wellbeing programme for all our people with regular support sessions made available virtually with expert external facilitation. Feedback is monitored to understand further key areas of support and to ensure continual improvement.

This programme of virtual support will continue in 2022 and 2023. We have also made available virtual learning programme for our line managers and our employees aimed at supporting wellbeing across the organisation. A Wellbeing Hub has been developed, available on our intranet system, Connect, that provides a plethora of support and signposts to relevant external agencies.

We have also developed an employee Wellbeing strategy. Our employee assist programme has been developed and a more comprehensive offering has been put in place.

## Impact of COVID

The Head of HR & OD is satisfied at this stage that there are sound processes and procedures in place to ensure that the workforce is managed effectively, however, recognises that because of COVID, policies, processes, and support, some of which have already been put in place as referenced in the statement, will require continual review.

The current recruitment market provides challenges for all, and we are currently re-designing our recruitment process to allow time to search rather than waiting for people to apply.

Our new HR Information system, due to go live in October, will facilitate the application process for candidates which we hope will increase applications for available positions. As we move out of Covid, we are also looking to develop different ways of attracting early talent and will work through this process as part of our workforce plan.

Communication and flexible, agile ways of working with policies, processes, tools, and people development to support, will be key for the future and the People Strategy action plan is currently under review to ensure that we are prioritising our key pieces of work in order to support the Councils' overall vision and our people.







## Opinion of the Corporate Manager Policy, Performance, Insight, Risk and Improvement

During 2021/22 the Councils have continued to report performance against the six strategic priorities to SLT and Cabinet on a quarterly basis. Our Councils are highly ambitious and want to see significant improvement for the wellbeing of our residents and communities.

We have evolved our existing performance approach by developing a new Outcomes Framework which provides the golden thread between our strategy and business planning arrangements.

It links the Corporate Plan, the six strategic priorities, the service plans and personal plans, as well as ensuring the Corporate Delivery Plan is delivering the right activities to achieve our outcomes. It drives the new performance management approach for our Councils and the direction of travel for embedding a more comprehensive culture of performance challenge and improvement aligned with finance and risk reporting.

The Framework was developed using evidence in 16 of our plans and strategies and the priorities of a mid-point review of the Corporate Plan in May 2021 that SLT, both Cabinets, and all Members fed into.

The Framework approach was endorsed by the Senior Leadership Team ('SLT') in September 2021, and the outcomes discussed at a joint SLT/Cabinets away day in November 2021 and all members were briefed.

The Outcomes Framework was finalised and agreed by both Cabinets in January 2022. The approach to the Outcomes Framework is underpinned by our agreed values and behaviours. This work was originally to commence in early 2020 but was delayed due to COVID priorities.

To build great communities with bright and healthy futures that everyone is proud to call home.

All our customers are able to access high quality services and support	Families lead active, healthy, safe and independent lives; with children having the best start in life and adults managing their own health & wellbeing	We enjoy, value, enhance & protect our environment	Our places are known for strong growth in innovation and creativity; for being highly connected and sustainable with the best skilled workforce in the East	All our communities are attractive, successful and connected places for people to live and work	All our residents live in affordable and high-quality homes that enable them to build settled, safe and healthy lives
Every customer is able to access high quality services and support	Inequalities are reduced for all groups	Biodiversity is enhanced and protected	Babergh and Mid Suffolk's places and economy are supported to be innovative, green and resilient	Communities have the capacity and are supported and empowered - with the infrastructure to maximise opportunities and thrive	Residents are settled, safe and healthy in affordable and high-quality homes that meet their needs
Residents have a voice - enabled to democratically engage and empowered to do so	Residents have the best opportunities to improve their physical and mental health and well-being	Babergh and Mid Suffolk have a low carbon footprint	Our businesses and places benefit from stronger connectivity and opportunities to be environmentally sustainable	Our places, and their communities, are well connected and valued by residents and visitors	Residents have a say in the future of housing
Residents are satisfied with Council services	Families lead active, healthy, safe and independent lives and manage their own health and wellbeing	Babergh and Mid Suffolk are healthier, safer and sustainable places	Our communities are supported to be the best skilled workforce across the East with high levels of aspiration	Our communities are high quality, safe, healthy and attractive	Homes are sustainable, with reducing carbon emissions, that are future proofed to meet resident needs

The outcomes above are those we expect to achieve for our residents and communities by 2027. We took a theory of change approach to the Framework meaning these long-term outcomes are underpinned by up to twelve 1-2 year outcomes for each of the six priorities and each of these have actions and measures.

These will be reported to SLT and Cabinets on an exemption basis starting in early Summer 2022 and aligned to revised service planning arrangements. These outcomes provide an opportunity to develop better partner working on a shared outcomes basis that includes even more opportunities for co-commissioning including shared services/joint posts across the system.

The approach ensures a join-up between performance, risk and finance and will be underpinned by our shared values and behaviours. It will also drive the new performance management approach and the direction of travel for embedding a culture of performance challenge and improvement.

Our new approach to performance management:

- enables Babergh and Mid Suffolk to translate the Corporate Plan into outcomes that are easily communicated and shared across the Councils, with our partners and with our residents.
- encourages joint working, breaking down silos by working together to achieve shared outcomes.
- aligns performance, risk, and financial management around the delivery of outcomes.
- enables outcome informed decisions around financial investment and commissioning.
- provides the potential to pool resources with partners where outcomes can be discussed and shared.
- delivers better value for money and improved performance.
- ensures the six strategic plans all align to the 2019/27 Corporate Plan.
- develops a balanced scorecard approach enabling SLT to performance manage the outcomes alongside risk, finance, and organisational health. This approach will also be used for Cabinet. This is developing and will be ready in Summer 2022.
- aligns risk to the outcomes and KPIs and builds them into the corporate and service risk registers and provides support to ensure that risk is actively managed.
- improves service planning for 2022/23 to ensure we can identify a Golden Thread from the Corporate Plan through the six strategic priorities and into services and their teams.

Our new approach to service planning for 2022/23 reflects the adoption of the Outcomes Framework and to achieve a golden thread to through our strategic

landscape. We introduced a standard template for service planning to enable shared ownership, consistency and to enable us to plan and support services more effectively.

Service plans are written by Corporate Managers with their teams and are agreed by Assistant Directors and Portfolio Members prior to peer challenge. Final sign-off on service plans is by SLT.

As part of Service Planning in 2022/23, Accountable Officers for Tier 3 outcomes had these embedded into their service plan template. The CMs with shared accountabilities for each Tier 3 outcome were asked to work together to discuss actions and measures to join-up across the organisation.

Service plans are a vital link between our joint Corporate Plan and Outcomes Framework and our Personal Development Scheme (PDS).

For 2022/23 performance reporting we are including:

- 1/4ly reports to SLT, Portfolio Leaders and Cabinet on Tiers 1, 2 and 3 of the Outcomes Framework and on the Corporate Delivery Plan performance.
- Monthly performance reports to SLT on Tier 3 by exception (ongoing).
- Monthly reports to SLT on Tier 4 by exception (in year 1).
- 1/4ly Chief Executive challenge sessions for SLT leads on each of the six priorities for Tier 2 and 3 by exception plus the Corporate Delivery Plan.
- 1/4ly Portfolio Leaders challenge session for each of the six priorities for Tier 3 and Tier 4 by exception plus the Delivery Plan.
- Annual performance reporting to Council.

- Annual resident State of the Districts report – modelled on the Thriving Places approach with infographics and narrative including case studies – you said, we did. This report will also be shared with members.
- End of term State of the Districts report – look back over the last four years.

## Risk Management

Risk management provides early warning on key / emerging matters to enable transparent, timely decision-making and intervention at appropriate levels, it improves decision-making allowing intelligent ‘informed’ risk-taking, helps to prioritise, protect assets, people and the Council’s reputation, supports consistent good governance and internal control and allows better informed financial decision-making leading to greater financial and budget control.

In 2020/21, TIAA, the Councils’ external internal audit provider was asked to review the Councils’ risk management arrangements. In April 2021, the audit found good practice in our approach. All Risks in the SRR all had Risk Owners, Cabinet member leads, mitigation actions and all other areas of the SRR was completed.

They also found that risks included within the Significant Risk Register include the original, current and target risk scores. And said that the Significant Risk Register is structured so that risks are articulated in terms of cause, risk and consequence. Mitigations are included along with further actions necessary to reduce the risk. However, the audit also found a number of improvements:

- review risk management strategy to include how the Significant Risk Register links to the Council’s Corporate Objectives. A new risk management strategy is planned for Q2 of 2022/23 co-created with both Cabinets and shared with JAC in July 2022.
- embed sources of assurance in the Significant Risk Register and reflect in the Risk Management Strategy. This improvement area was addressed by the Senior Leadership Team in 2021/22 and we are confident that the SRR does not include assurances. We have also embedded assurances into the expectation for
- review significant risks where they have met their ‘Target Risk’, to decide if they can be de-escalated or closed. This improvement area was addressed by the Senior Leadership Team in 2021/22.
- be specific with planned completion dates to make it easier for SLT and Members to monitor and understand any gaps between the current and target scores. This improvement area was addressed by the Senior Leadership Team in 2021/22.
- review and update the Risk Management Strategy to include the review, moderation and approval process for new risks for both the Significant Risk Register and the Departmental Risk Registers. A new risk management strategy is planned for Q2 of 2022/23 co-created with both Cabinets and shared with JAC in July 2022.

Risk is a key strategic issue that needs to be more embedded across the organisation and joined-up with performance and finance. Services are responsible for their own risk registers but there needs to be greater join-up between strategic and service risk and clear escalation principles in place.

A recent external review of risk management has identified strengths and weaknesses of our approach and we are currently developing proposals to improve our risk management practice including revising our strategy, our risk framework, and our strategic risk register.

A SLT strategic risk workshop in January 2022 started the improvement needed in this area including the need to have a holistic approach to risk aligned to the Orange Book – Management of Risk – Principles and Concepts. In February 2022 SLT reviewed the strategic risk register and in March 2022 SLT developed detailed risk tolerances for each of the 12 types of risk identified by the Orange Book.

As part of the new approach to service planning that was launched with the Extended Leadership Team in February 2022, we revised the operational risk register to ensure it reflected the improved strategic risk register including the need to capture assurances and include end dates. We intend to bring an organisational risk update to the SLT meeting in May 2022 to agree and follow-up with any improvements required as embed risk across the two councils.

In early 2022/23 we plan to hold a joint SLT / Cabinet's workshop on strategic risk management, to discuss the new risk management approach, ensure the risk tolerances work for Cabinet members in each council and co-design the revised risk management strategy.

We also plan in 2022/23 to hold a workshop with the Extended Leadership Team to explore how the corporately agreed risk tolerances embed in the organisational risk registers and to discuss and agree the risk escalation process which was recommendation in the LGA Corporate Peer Challenge held in March 2022.

We recognise the need to embed risk into our organisational culture to protect and enhance the health of the organisation and to help our staff and members recognise the relationship between the health of the organisation and the communities we serve.

The new Outcomes Framework will also address the join-up between risk, performance and finance and moving risk management to the new central policy, performance, risk, and insight team will support the development a better shared understanding of effective performance and risk management and effective challenge.

## Equalities

As a public authority, the Councils have a duty to comply with our legal duties under Section 149 of the Equality Act 2010, the Public Sector Equality Duty (PSED); and the Equality Act 2010 (Specific Duties) Regulations 2011.

The Senior Leadership Team receive and discuss updates and has oversight of the Councils' activities for this area of work.

To ensure the Councils are paying due regard to the PSED, the Equality Impact Assessment (EQIA) process is used to support good decision-making by ensuring the Councils consider how different people will be affected by our activities, helping to deliver policies and services which are efficient and effective; accessible to all; and which meet different people's needs. EQIAs are reviewed, and advice provided to EQIA authors, by the Equality and Diversity lead officer.



The Councils are committed to equality monitoring to improve our services and ensure all our residents can access and use them. We undertake equality impact assessments for service changes and for staff restructures and use data to inform targeted service delivery: for example, in Housing where we developed services for complex housing needs customers and in Communities where we used data to target domestic abuse services and to focus school holiday support. We also consider equality and diversity in strategy development: for example, most recently in our Wellbeing Strategy.

Another example of application is the Hackney Carriage and Private Hire Vehicle Licensing Policy. The Licensing Team needed to ensure sufficient provision of wheelchair accessible vehicles in the districts. The team approached Suffolk Disability Forum who surveyed disabled passengers and these results fed into the revised policy agreed in October 2021.

We recognise the shift in the equality, diversity and inclusion (EDI) agenda to include intersectionality. An example of that is the work we are leading on digital access and digital skills for those residents who are at risk of digital exclusion.

However, we need consistency in how we apply EDI considerations in our decision-making which we intend to address in 2022/23 as part of the Corporate Improvement Programme.

The Assistant Director of Customers, Digital Transformation and Improvement is satisfied that processes are in place to enable the Councils to meet the requirements of the Equality Act 2010.

In Mid-2021 we commissioned an Equality, Diversity, and Inclusion (EDI) specialist to facilitate focus groups with our people to understand how culture is experienced by all our employees, how inclusive the councils are and the impact this has on diversity, and what influences career progression in our councils. The Specialist ran three focus groups and seven 1-1 interviews. Feedback was presented to SLT in September.

We are now sharing the research with Members, leaders and staff and defining a 'living and breathing' EDI vision by engaging with a diverse range of colleagues. We have also committed to EDI awareness and engagement sessions for leaders and staff and EDI skills training for HR and line managers (including unconscious bias) to equip them to engage with their teams confidently and inclusively.





## Opinion of the Corporate Manager – Information and Computer Technology

The IT Strategy for Babergh and Mid Suffolk District Councils was formally adopted in November 2020 and enables the wider ambitions of the two organisations, specifically focussing on key customer outcomes and the ongoing resilience of the two councils.

The strategy, being aligned with that of our key provider, Suffolk County Council, enables us to ensure key relationships with partners and our opportunity to effectively collaborate in key areas of ICT continues.

As the pandemic continued during 21/22, the global increase in cyber-attacks also continued. Working with partners we focussed on our Cyber security efforts and gained our latest Public Services Network Accreditation (PSN) in December 2021. As a direct response to the wider cyber security concerns across the public sector we undertook two additional Cyber Security Audits in 21/22. These provided assurance that our technology processes and our policy controls adequately protect the organisations and more importantly, customers can trust us to interact securely with them as wellbeing safe custodians of their data.

A continued focus on financial rigour and strategic alignment of delivery within ICT has enabled further efficiencies to be made in 2021/22, whilst also improving the resilience and effectiveness of the organisation.

We successfully implemented a new online payments system, providing greater financial value by reducing associated revenue spend and improving the support we can offer customers.

We also replaced our on-premises CadCorp product with a Software-as-a-Service provision, aligning provision with our strategic direction of cloud first provision. This implementation increased organisational resilience by allowing staff to access mapping from anywhere on any browser-based device and enabled the ICT team to focus on more value-add mapping and data tasks by reducing the system maintenance overhead.

This ongoing focus on improving digital access has been supported by the provision of additional training to staff through our ByteSize programme. These sessions have not only focussed on technical elements of how to use toolsets but have also looked to help staff how to collaborate better in a digital world and utilise the wellbeing tools also provided to do this in a way that sustains their work life balance.

As Hybrid Working becomes the norm, and as customer continue to expect to be able to interact with us at any time and from anywhere, we will continue to focus on improving digital access during 22/23. We aim to introduce a new Digital Platform, replacing our outmoded and outdated public facing websites with more modern and efficient sites and improving our capabilities to support the end-to-end digitisation of processes.

We will also refresh our core devices ensuring that the resilience of our device estate is improved, in turn ensuring the ongoing effectiveness of staff and their ability to support our customers and residents.

It is the opinion of the Corporate Manager for IT that technology assets of the Councils are run effectively, efficiently and economically.





## Opinion of the Information Governance Officer

Information governance in Babergh and Mid Suffolk District Councils is overseen by the Councils' Statutory Officers Group which meet every two months. The primary purpose of the meeting is to drive and oversee the ongoing development of strategies to ensure the Council has effective information governance and assurance arrangements in place. The forum for this reporting is now in a state of transition which will entail in future the IGO presenting to the Senior Leadership Team (SLT). In August of 2021, the role of IGO was moved into the Shared Legal Service and a new IGO (employed by West Suffolk Council) now provides information, advice, guidance and support to Babergh and Mid Suffolk District Councils and West Suffolk Council as part of the wider Shared Legal Service.

The Council has key individuals who have specific roles and responsibilities with regard to information governance, including:

- **Corporate Manager - Internal Audit and Data Protection** who leads the Information Governance team that develops the overall information policy and assurance framework, provides advice, guidance and training for staff, and monitors compliance.
- **Senior Information Risk Owner – Assistant Director – Corporate Resources** with overall responsibility for the organisation's information risk policy
- **Data Protection Officer – responsible for overseeing data protection strategy and ensuring compliance with legislative requirements.**
- **Information Governance Officer - Provides a comprehensive advice service to Babergh and Mid Suffolk District Councils in respect of Information Governance, Data Protection issues, Data Management, Freedom of Information and Environmental Information Regulations**

The Councils also have an informal network of representatives across the organisation who promote and encourage best practice within their service areas on information management. They also act as the liaison officers for their service areas for the processing of Freedom of Information (FOI), Environmental Information Regulations (EIR) requests and maintaining and updating their datasets in the Information Asset Register. Training for them is provided on an ongoing basis.

Information, advice, guidance and support relating to different aspects of information governance is available on the Councils' intranet and internet, and bespoke advice is available for members and staff from the Information Governance Officer.

The Information Governance Officer also works closely with colleagues from other Suffolk local authorities and partners via the Suffolk Information Governance Group and the Suffolk Office of Data Analytics (SODA) to ensure that information can be shared safely and appropriately between organisations with a consistent approach to data protection being followed across the Suffolk Local Authorities.

An example of this is the collaborative work carried out to support the response to Covid and the more recent Refugee Support.

Information governance continues to hold a higher profile than ever before since the implementation of new data protection legislation which came into force in May 2018, the Councils continue to drive improvements to data security, handling and information requests.

Examples of specific activities undertaken throughout the year are;

- **Service support in the drafting of new processes, for example:**
- **Careeriosity**
- **Digital Champions**
- **ICOPE**
- **FOI/EIR procedure reviews in response to customer complaints**
- **Continuing mandatory e-learning training on information management and security for all staff and Members - the first implementation of a two-yearly compulsory online training refresher for all staff.**
- **Ongoing data protection guidance for all staff and District Councillors.**
- **Joint working with SODA and all Suffolk public authorities (SIGG) to provide an ongoing joined up approach to data driven service improvements and projects. Issues and key improvement aims for 2022/23.**

Since the change of IGO in August 2021 and the move into the Shared Legal Services, there have been some problems with accessibility to key systems within the Councils, but these have now been addressed.



## Four key aims for 2022/23 are:

- Now accessibility to systems has been addressed, a review and refresh (where appropriate) of the key documents published behind the Data Protection page on Connect
- The IGO to meet with all Corporate Managers to carry out a 'Health Check' of their areas regarding Information Governance and Data Protection, the results of which will be used to populate a;
- Draft Information Governance Framework to manage the work needed to ensure the following areas are covered:
  - Information Governance Management
  - Data Quality
  - Information Compliance
  - Information Security
  - Information Sharing
  - Records Management
- Review the information held under the Control of Patient Information (COPI) Regulations and its destruction once these regulations come to an end (currently forecast to be 30 June 2022)

The Information Governance Officer is satisfied that the information governance arrangements in place are effective in protecting the Councils' information assets.



## Opinion of the Assistant Communications Manager

During 2021/22 the Communications team continued to work with partners as part of a multi-agency response to the Covid pandemic, delivering consistent and cohesive communications and campaigning activities at local level.

This included contributing to integrated business to business and business to consumer campaigns to support public health messaging and using all available communications channels to ensure our communities were aware of important developments and available support.

Despite the ongoing demands of Covid, all the councils' priorities were supported during 2021/22 – explaining initiatives to aid residents' wellbeing; battle climate change through carbon reduction measures and biodiversity; investment in social housing; customer improvements through use of digital technology; and our districts' economic recovery, for example through progression of town visions.

We also continued to promote ongoing local democracy and governance, explaining 2022/23 budget setting as well as meeting the day-to-day comms requirements of our teams across the councils.

### Priorities for coming year / areas for improvement

Our communications priorities will be aligned to our corporate priorities: Economic, Environment, Housing, Communities, Customers, and an increased focus on Wellbeing – to reflect the councils' desire to address the inequalities exacerbated by the Covid-19 pandemic and the current 'cost of living' crisis within our districts.

We will continue to help the councils' administration to articulate these priorities and demonstrate how they are delivering our vision of 'building great communities with bright and healthy futures that everyone is proud to call home.'

This will include a wide range of creative and transparent communications and engagement approaches and activities targeting a range of audiences.

The development of our Communications Strategy, delayed due to the impact of the pandemic, will lay out our approach to communication and audience engagement, with opportunity for genuine dialogue fundamental to the councils' ability to not only speak, but also listen, learn and lead. This will also ensure we can incorporate recommendations from our recent LGA Corporate Peer Challenge.

Babergh and Mid Suffolk District Councils ensures its audiences are aware of council services and developments, through a wide range of communication channels.

Our audiences include residents, community groups, customers, businesses, tenants, partners, councillors and employees, with channels for communication including website, media releases, social media, e-newsletters, face-to-face engagement, meetings, printed materials and letters, emails, film and/or community events and exhibitions.

We craft our messages and select the most effective channels depending on our target audience, but at all times we focus on the principles of open, honest, and timely communication, using clear, concise language, and increasing levels of visual content in line with our audiences' changing preferences to receiving information.

By continuing to invest in our communications, we can ensure that our communities understand our direction, our vision and the rationale for future proposals, and understand how they can have their say, as part of a fully transparent democratic process.





## Opinion of the Corporate Manager for Health & Safety, Emergency Planning and Business Continuity

Governance Arrangements: to meet the requirements of Section 2(7) of the Health & Safety at Work etc. Act 1974, the councils have a Health & Safety Board (H&SB). This is chaired by the Chief Executive Officer and includes members of the Senior Leadership Team, Trades Union representatives and the Health and Safety Team.

The H&SB oversees and reviews the measures taken to ensure the health, safety and wellbeing of staff and those affected by the Councils' activities on behalf of the Senior Leadership Team. In particular, it agrees the H&S Service Plan. This sets the strategic direction for H&S along with a more detailed work programme for the next 12 months.

The H&SB normally monitors progress of this on a quarterly basis. There has been some disruption to this oversight as a result of the covid-19 pandemic. Any new significant H&S issues are shared with the board along with plans for remedial action. Performance measures are reported to the H&SB and the Senior Leadership Team.

In addition to the H&SB, the councils operate a Health and Safety Workgroup. This is a consultative body with the recognised trade unions and with non-union staff health and safety representatives. The H&S Workgroup are consulted on H&S policies and they are advised of the main H&S issues and the H&S Service Plan is also shared with them.

The Health & Safety service provides the competent advice to the Councils as required by Regulation 7 of the Management of Health and Safety at Work Regulations 1999.

The Councils' health and safety management function is subject to Health and Safety Executive (HSE) scrutiny. Any reportable incident including accidents, injuries and near misses are captured and reported via the RIDDOR system.

During 2020/21 there has been three RIDDORS submitted by the Councils to the HSE. One relating to carpal tunnel symptoms which can be associated with hand arm vibration (HAVs). Two relating to fractures associated with a slip or fall.

The Corporate Manager for Health & Safety is satisfied that governance arrangements for H&S are suitable and sufficient. The H&S service plan highlights the specific aspects which require on-going improvement.

This statement focuses on 2021/22 which has been significantly impacted by the councils' response to the COVID-19 pandemic. As a consequence of this the normal quarterly governance meeting pattern was disrupted as was much of the planned work programme being superseded by Covid 19 risk assessments and associated safe working practices.

One specific consequence of the restrictions and the repositioning of resources has been the continued reduction in reassurance activity – in particular the site visits and short notice inspections. This has been addressed in the 2022/23 Service Plan.

## Actions moving forward

The Corporate Plan (2019-2027) – The Councils' existing "Refreshed Joint Strategic Plan" expired in 2020 and was replaced and agreed by both Cabinets in October 2019. The administrations agreed with the Chief Executive that the Councils need to focus upon providing more confident leadership of our places, through greater place-based working. In doing so the organisations will also need to be more deeply rooted in what we believe in, and common sense - in our values and our sense of public service - genuinely caring about our residents and places, and getting stuff done for people.

The Councils will continue to strive to be recognised as organisations that help make things happen and trusted to do the right thing - delivering outcomes that positively affect people's lives. The Councils will continue to work effectively in partnership with others and be more outward looking - seeking examples of best practice and opportunities beyond Suffolk.

A visualisation of the revised corporate plan (2019 – 2027) to replace the Joint Strategic Plan (2016 – 2020) is presented below:





***Our Vision is to build: "Great communities with bright & healthy futures that everyone is proud to call home"***

***Our Mission is to: "Provide strong, proud & inspirational leadership; striving for excellence, and together building great communities for everyone to live, work, visit & invest in"***

***Our Strategic Priorities are the Environment, Economy, Housing, Wellbeing, our Customers and our Communities.***

## **Covid-19**

It is inevitable that there will be some disruption to some of these programmes as a result of the Covid-19 pandemic.

Services across the districts have and continue to adapt speedily to meet the latest Government guidance on the Coronavirus pandemic.

The crisis has had a major impact on the way the Councils deliver services and work with local communities, and every effort is being made to ensure people have access to the latest updates and information.

We are working to support our communities and continue to provide services during the rapidly evolving COVID-19/Coronavirus outbreak. The health and safety of our community and staff is our top priority and we strive to keep everyone informed.

Moving forward the Councils' priorities will be regularly reviewed as the restrictions around the pandemic are eased.

Areas where the Councils will look to focus on and develop more in the next 12 to 24 months include:

- **Measuring performance in achieving objectives.**
- **Having a programme of actions which further help communities to grow and thrive.**



## Peer Review Challenge

The Councils invited the Local Government Association to carry out a Corporate Peer Challenge between 14 - 16 March 2022. This sector-led review was an opportunity to validate our direction of travel and approach; and to test and challenge our thinking for the future.

As required, the Councils provided the review team our self-assessment, which set out our honest reflection of where we think we are, both our strengths and our areas for development. This document was designed to provide background information and set the context for the review team's visit.

The 3-day review involved a series of 1 to 1 interviews, focus groups and site visits to Stowmarket and Sudbury. It included discussions with:

- **the Leader of each Council**
- **the Chief Executive**
- **SLT and ELT officers**
- **both Cabinets**
- **the Chairmen of the Overview & Scrutiny Committees**
- **Councillors from each political group**
- **a cross section of officers from across our services**
- **our unions**
- **our external auditors, and**
- **a selection of our key partners across wellbeing, communities, economy & housing**

Everyone involved were asked to provide their considered, honest and constructive feedback - highlighting where we have good practice but also the areas where we need to improve.

The review team have provided a summary of their findings, and their more detailed report will follow later. That report will be shared with all officers and councillors and published on our website. We anticipate that this will be in May 2022.

The Councils will produce an action plan in response to the review team's recommendations and the review team will return in approximately six months to check on our progress and offer any support.

## Approval of the Annual Governance Statement

The Annual Governance Statement provides an assurance of the effectiveness of each Council's system on internal control. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. There have been no governance issues identified during the year that are considered significant in relation to each Council's overall governance framework.

We are already addressing the key governance risks and challenges set out in this Annual Governance Statement and will continue to do so over the coming year to further strengthen our governance arrangements. We are satisfied that these steps will continue to address the need for any improvements that are required and that arrangements are in place to monitor the issues raised as part of each Council's annual review.



**Cllr John Ward**  
Leader of Babergh  
District Council



**Cllr Suzie Morley**  
Leader of Mid Suffolk  
District Council



**Arthur Charvonia**  
Chief Executive of Babergh  
and Mid Suffolk  
District Councils