



Babergh & Mid Suffolk District Councils

# Annual Governance Statement

2022 - 2023



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# Scope of Responsibility

Babergh and Mid Suffolk District Councils are responsible for ensuring that its business is conducted in accordance with the law and proper standards to secure continuous improvement in the way in which its functions are exercised. It is also responsible for ensuring that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Councils are responsible for putting proportionate and appropriate arrangements for the governance of its affairs in place and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Councils have approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA (the Chartered Institute of Public Finance and Accountancy) / SOLACE (the Society of Local Authority Chief Executives) Framework: 'Delivering Good Governance in Local Government Framework (2016 Edition)'.

This document explains how the Councils have complied with the code and meet

the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

The governance arrangements over the Councils' wholly owned companies are incorporated within this Annual Governance Statement.

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?

Good governance is about: "Achieving the intended outcomes while acting in the public interest at all times."

Governance is about how the Councils ensure that they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner.

Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

The Councils' governance framework aims to ensure that in conducting its business it:

**Operates in a lawful, open, inclusive, and honest manner**

**Makes sure public money is safeguarded, properly accounted for, and spent wisely.**

**Has effective arrangements in place to manage risk?**

**Meets the needs of both districts' communities.**

**Strives to continuously improve the way it operates**



# The purpose of the Governance Assurance Framework?

The governance framework includes a set of legislative requirements, governance principles and management processes which the Councils follow:

## Principles of corporate governance

### Principle A: Integrity and Values

- Staying true to our strong ethical standards of conduct.
- Respecting the rule of law.
- Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities.
- Ensuring fraud, corruption and abuse of position are dealt with effectively.
- Ensuring a safe environment to raise concerns and learning from our mistakes.

### Principle B: Openness and Engagement

- Keeping relevant information open to the public and continuing their involvement.
- Consultation feedback from the public is used to support service and budget decisions.
- Providing clear rationale for decision making – being explicit about risk, impact and benefits.
- Having effective scrutiny to constructively challenge what we do and decisions made.

### Principle C: Defining Outcomes

- Having a clear vision and strategy setting out our intended outcomes for citizens and service users.
- Balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.

### Principle D: Optimising the Achievement of the intended Outcomes

- Ensuring best value is achieved however services are provided.
- Ensuring arrangements are flexible so that

mechanisms for delivering services can be adapted in changing circumstances.

- Monitoring key performance indicators.
- Ensuring the achievement of 'Social Value' through service planning and commissioning.

### Principle E: Capability

- Clear roles and responsibilities for Council leadership.
- Maintaining a development programme that allows Councillors and officers to gain the skills and knowledge they need to perform well in their roles.
- Evaluating Councillors' and officers' performance, complaints and compliments to enable results (outcomes) to be measured and enable learning.

### Principle F: Managing Risk and Performance

- Ensuring that effective risk management and performance systems are in place, and that these are integrated in our business systems / service units.
- Having well developed assurance arrangements in place – including any commercial activities.
- Having an effective Audit Committee.
- Effective counter-fraud arrangements in place.

### Principle G: Transparency and Accountability

- Having rigorous and transparent decision-making processes in place.
- Maintaining an effective scrutiny process.
- Publishing up to date and good quality information on our activities and decisions.
- Maintaining an effective internal and external audit function.

This framework is used to examine the services being provided and whether they are satisfying the objectives set. The governance framework has been in place at the Councils for the year ended 31st March 2023 and up to the date of approval of the annual report and Statement.

## How the Councils work

1. Elected Councillors set the Councils' strategic leadership by developing and keeping under review the corporate priorities of the Councils. The priorities give a clear direction of what is important politically and how that will drive the work of Council services every day.
2. There is an established integrated planning process which ensures the Councils' services are delivered in accordance with the Councils' priorities and represents the best use of resources.
3. Performance is measured against corporate objectives.
4. Each Council has a written Constitution in place which specifies the roles and responsibilities of the executive, non-executive, scrutiny, and officer functions, setting clear delegation arrangements and protocols for effective communication.
5. Codes of Conduct have been developed which define the standards of behaviour for Councillors and employees.
6. The Constitution, Scheme of Delegation to members and officers, Financial Procedure Rules and other supporting procedures clearly define how decisions are taken and highlight the processes and controls required to manage risks, with appropriate review procedures.
7. The Joint Audit and Standards Committee promotes and maintains high standards in relation to the operation of the Councils' Code of Corporate Governance ensuring that the Councils operate within the law, in accordance with the Councils' internal procedures and follow the framework and guidance issued by CIPFA. The Committee is also responsible for monitoring the risk management framework and control environment to ensure the Councils' financial and non-financial performance is properly monitored.
8. Statutory officers support and monitor the Councils' governance arrangements, ensuring expenditure is lawful and the Councils continue to comply with relevant laws and regulations, internal policies, and procedures.
9. There are arrangements for whistleblowing and receiving and investigating complaints from the public, supporting the measurement of the quality of services for users.
10. The Councils seek to keep communities informed, giving local people the opportunity to get involved in the decision-making process, promoting local democracy, supporting and shaping places and local communities.

## Key roles

The key roles and responsibilities for developing and maintaining the Governance Framework are:

<b>The Council</b>	<ul style="list-style-type: none"> <li>• Approves the Corporate Plan</li> <li>• Approves the Constitution (including the Financial Regulations)</li> <li>• Approves key policies and budgetary framework.</li> </ul>
<b>Cabinet</b>	<ul style="list-style-type: none"> <li>• The main decision-making body of the Council</li> <li>• Made up of the Leader of the Council and a number of Cabinet members with responsibility for different portfolios.</li> </ul>
<b>Joint Audit and Standards Committee</b>	<ul style="list-style-type: none"> <li>• Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment.</li> <li>• Promotes high standards of Member conduct and approves the Annual Statement of Accounts and Annual Governance Statement.</li> </ul>
<b>Joint Scrutiny Committee</b>	<ul style="list-style-type: none"> <li>• Supports and challenges the Council in carrying out its responsibilities</li> </ul>
<b>Senior Leadership Team</b>	<ul style="list-style-type: none"> <li>• The Chief Executive has overall accountability for the governance framework.</li> <li>• Implements the policy and budgetary framework set by the Councils and provides advice to Cabinets and the Councils on the development of future policy and budgetary issues and oversees the implementation of the Councils' policy.</li> <li>• Accountability for developing and maintaining the Councils' governance and risk framework.</li> </ul>
<b>Director of Corporate Resources (S151 Officer)</b>	<ul style="list-style-type: none"> <li>• Leads and directs the financial strategy of the Councils and ensures the Councils' control and manage their money well, being suitably qualified and experienced, and ensures the Finance Team is fit for purpose.</li> <li>• Contributes to the effective corporate management and governance of the Councils.</li> </ul>
<b>Director of Law and Governance (Monitoring Officer)</b>	<ul style="list-style-type: none"> <li>• Advises the Councils on ethical issues, standards, and powers to ensure the Councils operate within the law and statutory Codes of Practice.</li> <li>• Contributes to the effective corporate management and governance of the Councils.</li> </ul>

The key roles of those responsible for developing and maintaining the Governance Framework are:

<p><b>Internal Audit</b></p>	<ul style="list-style-type: none"> <li>• Provides independent assurance and opinion on the adequacy and effectiveness of the Councils’ governance, risk management and control framework.</li> <li>• Delivers an annual programme of risk-based audit activity, including counter-fraud and investigation activity.</li> <li>• Makes recommendations for improvements in the management of risk.</li> </ul>
<p><b>External Audit</b></p>	<ul style="list-style-type: none"> <li>• Audits / reviews and reports on the Councils’ financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion).</li> </ul>
<p><b>Extended Leadership Team</b></p>	<ul style="list-style-type: none"> <li>• Responsible for developing, maintaining, and implementing the Councils’ governance, risk, and control framework.</li> <li>• Contribute to the effective corporate management and governance of the Councils.</li> </ul>

**Review of Effectiveness**

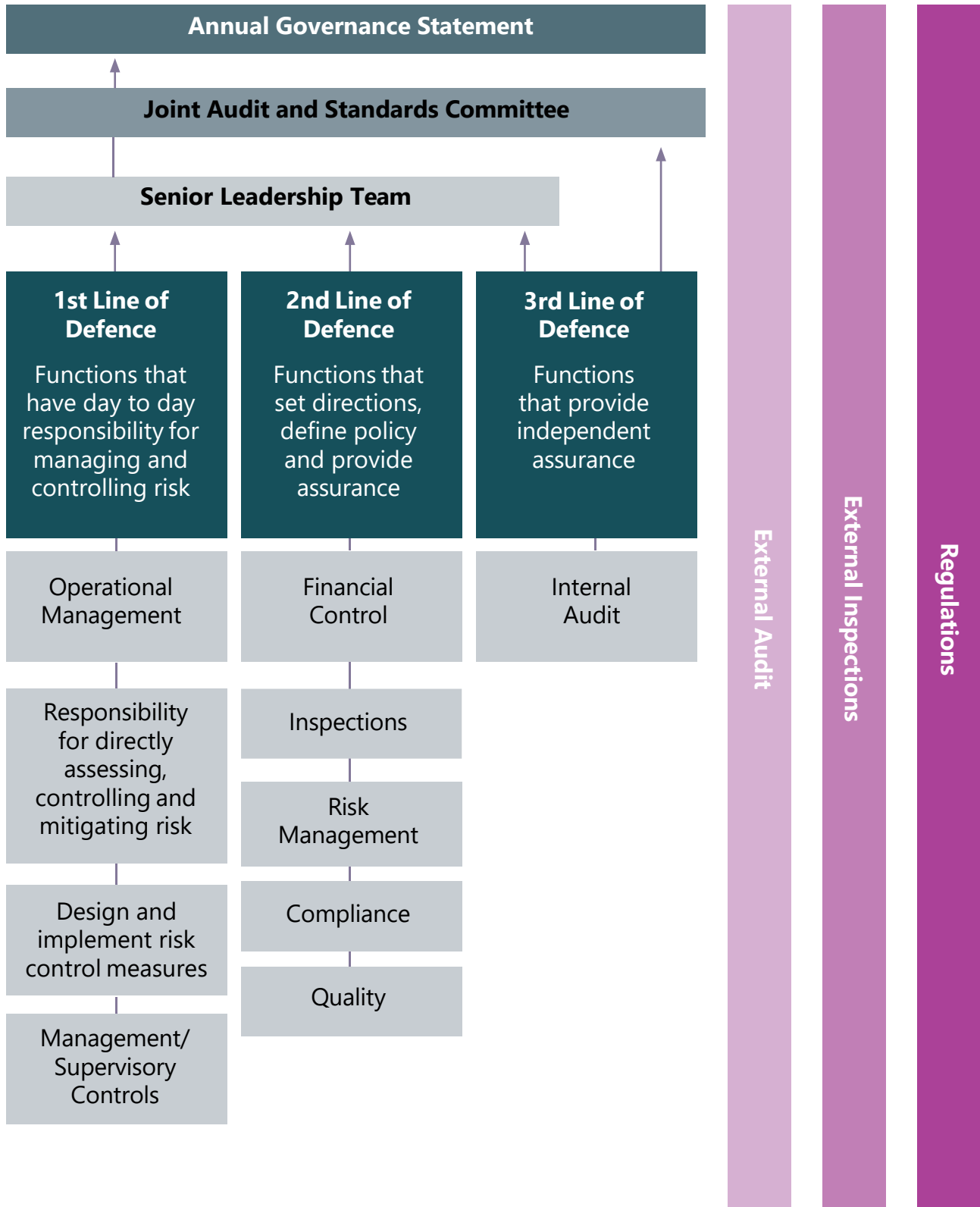
In preparing the Annual Governance Statement the Councils have:

- Reviewed the Councils’ existing governance arrangements against the revised CIPFA/ SOLACE ‘Delivering Good Governance in Local Government framework – 2016 Edition’ good practice guidance.
- Reviewed the Councils’ Local Code of Corporate Governance to ensure it reflects this guidance, including the revised seven principles of good governance and associated required actions and behaviours taken by the Councils that demonstrate good governance.
- Obtained assurance statements from officers relating to their areas of responsibility, including actions from the 2021/22 Annual Governance Statement.



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).

This is demonstrated here:



The roles and responsibilities are applied in a pragmatic real-world manner. In reality a significant amount of policy, associated guidance, training and tools are provided at second line with a proportionate risk-based application of assurance and compliance activity.

Internal Audit use a risk-based methodology to determine their annual programme to support the application of the governance model within the organisation.

This allows the second and third lines of defence to put emphasis in the right place and work effectively and efficiently to help management achieve organisational objectives through delivery, support and challenge.

## Governance Framework Assurance

The key sources of assurance that inform this review and where they are obtained from are outlined below:

<b>WHERE DO WE NEED ASSURANCE?</b>	<b>WHERE CAN / DO WE GET ASSURANCE FROM?</b>
Compliance	Complaints System, Counter Fraud and Whistleblowing
Democratic Engagement & Public Accountability	Independent and External Sources, e.g., Published agendas and minutes of council meetings; live streaming of council meetings; external audit of the Council's Statement of Accounts.
Management of Risk	Risk Management Strategy and Framework
Financial Management	Medium Term Financial Strategy
Members and Officers Roles and Responsibilities	Constitution
Standards of Conduct and Behaviour	HR Policies and Codes of Conduct
Action Plans Approved and Reported on	Joint Audit and Standards Committee, Council, Cabinet and Joint Scrutiny Committee
Effectiveness of Internal Controls	Internal and External Audit
Services Delivered	Performance Management System



## Introduction from the Deputy Chief Executive

This year's Annual Governance Statement conveys the ongoing efforts of officers and councillors to comply with and uphold the standards of public services and delivery at a time of increasing uncertainty around financial sustainability.

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.

The Actions moving forward set out the additional actions we will be taking alongside our ongoing stewardship of the Councils and underlines the importance of good judgement in balancing governance, with the investment in and delivery of services for the people of Babergh and Mid Suffolk District Councils.

## Opinion of the 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.

The Monitoring Officer has sufficient resources including sufficient Deputy Monitoring Officer provision and is assured that there is an effective internal audit function in place.

## Governance Framework

The Councils have each adopted Constitutions which are based on the Model Constitution. The Councils have effectively adopted identical Constitutions with a few minor variations between them (relating mainly to planning protocols).

The Constitutions provide 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 2023/24:

The Monitoring Officer is required to regularly review the Councils' constitutions and it is their intention to convene a Constitution Working Group during 2023/24 to review the Constitutions.

In particular to update the Contract Standing Orders (and consequent Financial Procedure Rules) and more generally to ensure fitness for purpose given the new administration changes.

In March 2022, Babergh District Council considered whether to revert to the Committee style of governance or to retain the Leader-Cabinet model. It was decided to retain the Leader and Cabinet model and that position has not changed for 2023/24. In both Councils there are discussions to improve the way that the Cabinets engage with the wider Council memberships.

The Monitoring Officer will be working with the Leader and Cabinet Members in 2023/24 to implement and evaluate any governance changes.

### 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 again been established for this new electoral term and includes Councillors from both Councils and representing a range of political groups to oversee the four-year Councillor Development Programme.

This programme includes a comprehensive induction process which is a blend of internal and external training, e-learning, face to face training sessions and virtual training sessions. There is an emphasis on face-to-face practical training for example in relation to Planning Committees.

Councillors that sit on regulatory (planning and licensing) committees are required to complete technical training at least every 2 years and to have carried out mandatory training before taking a seat. 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 2023/24:

Hybrid meeting technology has been successfully trialled and implemented, which now enables public speakers and other non-voting participants to join and contribute to meetings virtually.

The Councils are exploring other technology that will enable the live streaming of meetings held within the districts.

## 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 a deputy to assist with responding to code of conduct complaints and to provide advice and guidance to district Councillors and Town and Parish Councils about general governance 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 it 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 repercussions

The Councils have continued to adapt and evolve following learning from Covid-19 and moving forward decision-making meetings have been enabled to continue in person as required by law.

We have however utilised virtual meeting technologies for informal meetings and briefings at every opportunity which has contributed towards our carbon reduction ambitions.





## 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 Chief Finance Officer 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 Chief Finance Officer, 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:

- a) the statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment;
- b) the balanced budget requirement of the Local Government Finance Act 1992 (Sections 32, 43 and 93); and
- c) 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 Chief Financial Officer in their statutory role in connection with financial probity and they review and approve the Annual Statement of Accounts.

## Statement of Accounts and Audit

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 last 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.

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.

There have been significant delays to the 2020/21 audit, 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 the audit was paused.

Work commenced again in the summer of 2022 but once again was unable to be completed due to resourcing issues.

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.

These delays have had a knock-on impact on the 2021/22 and 2022/23 accounts and audits, with publishing deadlines proving extremely difficult to meet, as has been the case for many other councils across the country.

The Councils are in discussion with EY to agree a time for the 2020/21 outstanding audit work to be completed and to schedule the 2021/22 and 2022/23 audits.

## Financial Planning

The Councils take an annual approach to service planning, allowing a close link between services and financial planning. The approach over the medium term is to continue to transform the Councils by continuously reviewing, remodelling, and reinventing the way the Councils operate.

The Joint Medium Term Financial Strategy focuses on;

- internal efficiencies and improvements
- continuously streamlining work and reducing waste in processes
- greater cross-functional working and multi-skilling
- improving ways of working to move away from 'professional silos' and toward integrated services for the public.
- customer demand understood, analysed, and met through new services and business models.
- demand is re-shaped and managed while engaging service users to ascertain priorities.

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.

For 2022/23 stretching, but realistic, assumptions were used when putting budget proposals together across both expenditure and income. However, global events, rising inflation and interest rates and the national pay award have created an unprecedented financial challenge for the Councils. In anticipation of this a £500k earmarked reserve was created in 2021/22 for each Council.

Further cost reductions and additional income was identified respectively for the 2023/24 budgets without again having any significant impact on the level of services provided to the public.

As part of the budget setting process for 2023/24 the Overview and Scrutiny Committee reviewed and challenged the budget assumptions, the pressures, and the savings.

During 2023/24 the finance team will work closely with service managers to continue to identify savings and pressures and build the MTFs on a rolling cycle, so the financial forecast is as up to date as possible.

The Councils Section 25 report on the robustness of estimates and adequacy of reserves provides a risk-based approach to the assumptions made within the budget and the appropriate level of reserves.

The Councils Joint Investment, Capital and Treasury Strategies were approved in February 2023. This demonstrated that the Councils Capital programmes and associated borrowing limits are set at a prudent and affordable level.

## CIPFA'S Financial Resilience Index

CIPFA's Financial Resilience Index, made publicly available for the first time in 2019, aims to support good practice in the planning of sustainable finance. The index does not come with CIPFA's own scoring, ranking or opinion on the financial resilience of an authority. However, users of the index can undertake comparator analysis drawing their own conclusions. The tool is based on a series of indicators relating to the sustainability of reserves, external debt, fees and charges and income from local taxation (business rates and council tax).

The 2022 index, which provides the relative position for the 2021/22 financial year, is the most up to date index currently available. Councils' performance is ranked relative to those in the selected 'comparator group.'

Both Councils are seen as having higher risks around the level of external debt, interest payable and the proportion of fees and charges income against total revenue expenditure. The external debt includes that associated with the HRA, so the Council will always be seen as a higher risk compared to those councils without housing stock, but it is balanced against the value of the housing stock on the Councils balance sheet.

The other elements are all linked to the investment that the Councils made in CIFCO by increasing General Fund debt levels, higher interest payments, but also higher investment income coming back to the Councils and is secured by charges on the properties acquired by CIFCO.

## Financial Performance and Monitoring

The Councils report financial performance quarterly to the Senior Leadership Team (SLT), Portfolio Holders and Cabinet, and half yearly for treasury performance including the prudential indicators to Joint Audit and Standards and Full Council.

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

This is demonstrated in the draft Outturn report for 2022/23, which showed an overall surplus for each Council for the General Fund despite very challenging external financial pressures.

The draft outturn for both Councils Housing Revenue Account (HRA) shows an in-year deficit which was balanced by contributions from HRA reserves. The deficit was primarily due to the significant inflationary increase in materials costs and an increase in voids, along with the additional costs associated with the new regulatory pressures Councils are now facing.

During 2023/24 a complete re-write of the 30-year business plan will be undertaken, various scenarios will be modelled, and stress testing will be undertaken along with the review of the capital programme for new build, and investment in the Councils existing stock including compliance and retrofit.

Further work will be undertaken during 2023/24 to enhance the reporting to align to outcomes and closer links with risk and general performance reporting.

## Transformation work

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. Progress against the plan is reported monthly to the Finance and Commissioning & Procurement Transformation board as well as a highlight report to the Change and Efficiency board which reports into SLT.

During 2022/23 the Councils undertook a competitive tender for a new finance system, the contract was awarded to Unit 4.

The benefits expected from the new system are;

- **Better Budget Setting & controls based on real time information**
- **Provision of high- quality business support to the Councils' services.**
- **Devolution of processing to services & self-service approach.**
- **Automated processes where possible.**
- **Streamlining & standardisation of processes**
- **Greater service resilience across the councils.**

The project milestones are on track and go live is planned for October 2023. This is a significant change project for the organisation and with that in mind 22 change champions across the Councils are supporting the project to help embed the new system and ensure success along with the finance and commissioning & procurement team.

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 are 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. The report concluded that both councils are financially stable, and 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 on improved capital planning and forecasting, these are being addressed through the transformation plan.

## Conclusion

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 Chief Financial Officer 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 – Finance and Commissioning & Procurement

Both Councils total annual supplier spend is approximately £57m, of this 56% is with 10 suppliers and there are 82 contracts stored on the Councils' central online contract register.

The team has set up over 600 new suppliers during 2022/23 after completing the necessary due diligence checks.

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.

During 2022/23 training 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.

Effective contract management is crucial to the future success and stability of the Councils. Contract management is devolved across the Councils, with central support and coordination. During 2022/23 an internal audit was undertaken to review contract management with a focus on adherence to the required policies and procedures in the devolved process. The scope of the audit was as follows:

- The use of Contract Change Control Register including its benefit and level of details to be included therein.
- Contract Register for central oversight and support for department going through the procurement process.
- Contract Management Policies and procedures including value for money and social value of contracts.

- Setting and monitoring of contracts' key performance indicators and documentation of action taken in respect of poorly performing contracts, including lessons learnt from existing contract management processes.
- Contract Management best practices across the sector.
- Implementation of action plan from East of England Local Government Associations (EELGA) review and previous outstanding internal audit recommendations.
- Regular Contract Management Training programme for relevant staff members.

The audit identified several action points, of which three were given the highest priority of 'urgent' and eleven the next highest of 'important'.

The key strategic findings from the audit are set out below –

- **There is no agreed Performance and Contract Management Framework that outlines overarching responsibility, scrutiny and oversight.**
- **The documentation in place would benefit from review, update, rationalisation and simplification.**
- **Governance around managing the procurement, exemptions and conflicts of interest requires review and enhancement.**
- **There is not a formal process to ensure that off contract spend is identified and the need for formal contract documentation is considered and addressed.**

In March 2023, a new commissioning and procurement transformation lead was appointed to work with the change and transformation leads delivering a programme to address the findings from the internal audit report.

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.

The Councils contract standing orders and commissioning and procurement manual have been updated and are currently being reviewed by the Director of Corporate Resources and the Monitoring Officer.

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 with service managers.

By having a robust pipeline, the Councils will be in a position to properly plan and resource procurements and reduce the number of exemptions coming through.

One service area that has been struggling to manage its high-volume procurement pipeline is Building Services. This has resulted in a widespread use of exemptions to ensure unbroken, quality and safe service provision to tenants and a backlog of procurements. To reduce this backlog, the new Director of Housing has engaged consultants to support and conduct procurements. This represents a significant weakening of the overall control environment and reduces transparency.

To balance this reduction in control, Internal Audit will need to regularly review the process being followed and the outcomes of the procurements. This will be essential to protect the Councils from challenges and ensure that value for money is achieved.

Work will continue to ensure the Councils are compliant with the current regulations and ready for the new regulations that come into effect later in the year.

To ensure the increased level of focus required on commissioning and procurement, a new dedicated improvement Board chaired by the Deputy Chief Executive (and including other SLT Officers) is currently being established. It will oversee the progress of the transformation plan and will also have the following responsibilities:

- Making recommendations on requests over £150k;
- Reviewing 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.

In the 2023/24 budget round additional funding was made available for a dedicated Commissioning and Procurement Corporate Manager and this post will be recruited to shortly.

The Corporate Manager for Finance and Commissioning and Procurement is not satisfied that the systems and processes in place during 2022/23 were adequate to enable the Councils contracts to be effectively let and managed. The issues identified above will be addressed through the implementation of the transformation plan, the work of Internal Audit and the Commissioning and Procurement Board.



## 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. This arrangement also 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 internal audit team recently underwent their second external review. The review (which is conducted by an external assessor every five years) was carried out through a process of interview and document review and included an examination of seven audits carried out during the 2021/22 and 2022/23 financial years. In addition, several key documents including the Internal Audit Charter, Strategy and Manual and reports to the Joint Audit and Standards Committee (JASC) were also reviewed.

The external assessor found that the internal audit function at Babergh and Mid Suffolk Councils conforms with the Public Sector Internal Audit Standards. No areas of non-compliance were identified with the standards that would affect the overall scope or operation of the internal audit activity and the service is valued and well-regarded across the Councils. Some minor improvement changes were identified to fully demonstrate adherence to the Standards, and these are currently being addressed.

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.

82% of Internal Audit work completed during 2022- 23 has yielded an acceptable level of assurance (substantial or reasonable) over the design and operation of the services, systems and processes audited. For those audit reviews that have presented significant concern, actions have been agreed to improve controls and are closely monitored until such time as they are addressed. Any outstanding weaknesses in the governance, risk and control framework will continue to be followed up by Internal Audit.

The Corporate Manager for 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.

The Corporate Manager for Internal has performed his duties in accordance with CIPFA's guidance on the Role of the Head of Internal Audit.

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

Based on the findings of the managed audit and governance reviews carried out throughout 2022-23 and evidence from other assurance providers, and considering the current climate in which the Council is operating, it is the opinion of the Corporate Manager for Internal Audit that the Councils' governance, risk and control environment provides reasonable assurance that the significant risks facing the Councils are addressed. Generally, risks are well managed, but some areas require the introduction or improvement of internal controls to ensure the achievement of objectives.

**The Corporate Manager for Internal Audit does not consider there to be any areas of significant corporate concern.**





## Anti-Fraud and Corruption

The Senior Leadership Team has committed to tackling fraud and corruption affecting the Councils, aiming to adopt a culture in which all employees maintain a proactive attitude towards preventing fraud. 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.
- 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.

Fraud and corruption risks are identified as part of the annual planning process and contributes to the overall formation of audit coverage. Under the Public Sector Internal Audit Standards (PSIAS) Internal Audit consider aspects of fraud risk in planning all audits.

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.

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 Corporate Manager for 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.

This has included raising Money Laundering awareness through a series of presentations to all Corporate Managers, which was followed up with a compulsory online e-learning module for all staff to complete. This training will enable employees to recognise suspicious transactions and what to do if they identify them.

The completed module will automatically be filed on everyone's personal records. This will also form part of the induction programme for new employees.

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.

Internal Audit take a leading role in co-ordinating the bi-annual National Fraud Initiative (NFI) 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 data matches.

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.

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 2023/24 follows:

- Continue ongoing National Fraud Initiative exercise;
- 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.
- Continue to coordinate and manage the online fraud referral platform on our website and through Customer Services to mitigate fraud within our districts.



## 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 22/23 the Councils' internal audit team instructed TIAA to undertake assurance reviews of the Growth Companies.

TIAA concluded that they had substantial assurance with regard to the governance and operation of the Growth companies. It is proposed that further audits will be undertaken in respect of the trading companies over the next 2 years.

Financial audits are undertaken by external auditors, Ensors, annually for each of the companies resulting in the production of year end accounts and financial statements being submitted to Companies House in accordance with the Companies Act 2006.

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 includes the Nolan principles of public life. Director training will be

offered to all new Councillors as part of the Councillor induction programme and will be a requirement for any Councillors with Council directorships.

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 Director for Assets & Investments reports quarterly to Joint Cabinet Briefings and the Senior Leadership Team 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, Deputy Chief Executive, S151 Officer, Monitoring Officer and Director for Assets & Investments as required.



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

To ensure compliance and guidance for our staff, we have a comprehensive range of people policies and associated supporting guidance and procedures. These are all available to employees and line managers through our intranet system, Connect, and are supported by toolkits providing useful information, templates, and best practice. As ways of working have evolved since the start of the pandemic, detailed guidance is also available to enable and support our staff to work in a hybrid way. 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 and 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. We monitor absence on a weekly basis to allow for support mechanisms to be put in place where required. We also receive monthly reports from our Employee Assistance providers. The data is anonymised, but we are also able to identify trends. To support staff wellbeing, we provide monthly webinars which explore different ways to focus on physical and mental health.

We use Menti to gather anonymised feedback from these sessions too. Through this routine performance reporting and feedback, 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, supported by appropriate policies and procedures. We regularly monitor spend relating to temporary and contract workers. Our right to work checks and referencing are thorough to ensure that we are complying with the required legislation. We are a Disability Confident employer, have robust processes in place to ensure we are a menopause friendly 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 have also developed our internal Equality, Diversity, and Inclusion strategy with commitments to further nurture inclusion, promote diversity and cultivate equality across the organisation. We commissioned an Equality, Diversity, and Inclusion specialist to facilitate focus groups with our staff 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. Actions resulting from the learning from those workshops is ongoing.

One of those actions related to ongoing training and development. We have recently carried out updated Equality, Diversity & Inclusion awareness training for SLT and Corporate Managers, which also included a significant focus on neurodiversity. We will be facilitating more detailed workshops in the coming 12 months with all employees.

Our induction programme for new recruits is a mixture of service-based learning and a corporate group programme. 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 3-year People Plan 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 continue to be embedded into the organisation. The strategy is underpinned by a detailed 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.

A behavioural framework is in place for the purpose of providing the required guidance and is available on our intranet, Connect. Our staff are now able to upload their reviews onto our new HR Information System for ease of reference and access. Spot checks are carried out by the HR Team to ensure that regular 121s 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.

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 several times per year so that we can respond to feedback in a much more dynamic way and can measure the temperature of the organisation at a set moment in time.

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.

**In the coming 12 months we will continue to work with interns, graduates, and apprentices to ensure we are supporting the local economy and developing our talent pipelines.**



We also make full use of the apprenticeship levy to not only support our apprentices but also to offer apprenticeships within the organisation. 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 overall People Plan. We have recently implemented a new HR Information system and are currently developing the learning management system element of this which will allow the recording of all learning and development to ensure compliance and identify potential skills gaps.

Following completion of the previous leadership programme for SLT and Corporate Managers run by SOLACE, a new leadership programme has now been agreed. There will be three distinct elements to this programme that will focus on:

- **Aspiring leaders;**
- **New leaders; and**
- **More experienced leaders.**

During lockdown, the Councils introduced a Wellbeing programme for all our people with regular support sessions made available virtually with expert external facilitation. These have continued to be very popular with high numbers of staff engaging in the programme. Feedback is monitored to understand further key areas of support and to ensure continual improvement. This programme of virtual support will continue in 2023/24. We have also made available a learning programme for our line managers and our employees aimed at supporting wellbeing across the organisation. A Wellbeing Hub has been developed and is available on our intranet system, Connect, providing a wide range of support and signposts to relevant external agencies. We have also developed an employee Wellbeing strategy. Financial wellbeing is a key focus for us over the coming 12 months and we have developed a page, on our Wellbeing Hub, that details support available for our employees.

Our employee assist programme has been further developed and a more comprehensive offer has been put in place to include support and signposting relating to financial wellbeing. We have also provided webinars around financial support and will continue to offer these over the coming months.



The current recruitment market provides challenges for all. To ensure that we are an attractive employer we are undergoing an all staff pay and reward review and have recently completed over 300 job evaluations. The process will be completed later in this calendar year. The base budget for salaries was uplifted at Budget Councils in February 2023 to positively support this review.

We are currently re-designing our recruitment process to build in a proactive search capability rather than waiting for people to apply. Our new HR Information system has facilitated a revised application process for candidates which we hope will also increase applications for available positions. We recognise the importance of the development and retention of an engaged workforce and we will continue to look at different ways of attracting early talent through our early careers approach alongside a continued focus on internal development for established staff.

Communication and flexible, agile ways of working with supporting policies, processes, tools and people development, will continue to be key for the future and we will continue to retain a focus on these areas.

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 the current social and economic concerns, policies, processes and support, some of which have already been put in place as referenced in the statement, will require continual review.



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

### Performance

In January 2022, the Cabinets agreed a new outcomes framework for the councils that was embedded into service planning for 2022/23. Work is ongoing to drive that cultural change further for service planning in 2023/24. The outcomes 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. The current Corporate Plan was adopted in 2019. Although adopted as a longer term 8-year plan it was always intended to revisit the plan in 2023 with new political term/potential new administrations. Our approach and direction for 'Resetting our Corporate Plan' is detailed in the 'Actions Plan moving forwards' section of the Statement.

The Councils had their five-year LGA Corporate Peer Challenge in March 2022 that led to 10 recommendations and a number of areas for consideration. As part of this work, we published the report and agreed an action plan with the LGA. The Councils went a step further and developed a three-year improvement plan bringing together 70 actions that are part of the follow-up to the LGA Corporate Peer Challenge, these include those areas we identified as part of the preparation for the visit as well as the formal recommendations and areas for consideration.

The plan was developed with SLT in improvement workshops and its delivery is being managed through the Policy, Performance, Insight, Risk and Improvement team. The LGA revisited in January 2023 to review progress in delivering improvement. They identified that the improvement plan is a serious indication of the continuous improvement journey the councils are on and there is clear evidence of resourcing the plan and sticking to it.

A continuous improvement roadmap is under development that will use the new performance management key performance indicators (KPIs) to drive improvement. The new KPIs linked to the Tier 1,2 & 3 outcomes, will allow resources to be provided to those areas most needing support, enabling the effective delivery of Tier 4 action.

During 2022/23 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.

Over Summer 2022 we started work to drive the cultural change required to adopt an outcomes focused approach to performance by socialising the framework as part of the annual staff conference. Work to develop tier 4 measures aligned to the short-term outcomes started with service teams in Q3. We also delivered the first annual representative resident survey (3,400 residents) for both councils. Results fed into the new Communication and Engagement Strategy, informed service improvement and new performance measures to track outcomes and understand our residents' priorities.

End of term reports were published in December 2022 - our digital End of Term reports, one for each district showing our achievements delivered since 2019, against our six strategic priorities. These integrated resident facing reports present a consistent narrative of improvement and performance over the last four years for the six strategic priorities and the enablers of change which tell a clear story to residents. This approach will make it easier to celebrate our successes and show the direction of travel.

A new lead for Performance and Business Planning started in January 2023 and a Performance Improvement Officer started last December, together these officers are developing effective KPIs working with service teams. They are also developing new performance reporting through the procurement of performance and risk software to implement outcome reporting and improve data quality across the councils. The new software will provide tailored dashboards for performance and risk for SLT, Portfolio Holders and Corporate Managers and drive the join-up between performance, risk and finance.

Our approach to service planning for 2023/24 reflects the adoption of the Outcomes Framework. We refined the 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 Directors and shared with Portfolio Holders. Accountable Officers for Tier 3 outcomes had these embedded into their service plan template.

The Corporate Managers 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).

Work has begun to develop the new annual State of the Districts reports; one for each Council using national and regional insight and data. These reports will be debated by members in summer 2023 and used to inform the planned Corporate Plan reset.

## 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, protects 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' business assurance provider was asked to review the Councils' risk management arrangements. In April 2021, TIAA reported good practice in our approach. All risks in the strategic risk register all had risk owners, Cabinet member leads, mitigation actions and all other areas of the strategic risk register was completed.

They also found that risks included within the strategic risk register recorded original, current and target risk scores, and said that the strategic risk register is structured so that risks are articulated in terms of risk, cause, and impact. Mitigations are included along with further actions necessary to reduce the risk. However, TIAA also suggested some improvements:

- review risk management strategy to include how the strategic risk register links to the Councils' corporate objectives. To address this, a new risk management policy and strategy was published in Q1 2023 having been agreed by both Cabinets on 9 January and previously shared for comment with the Joint Audit and Standards Committee in November 2022.
- embed sources of assurance in the strategic risk register and reflect in the Risk Management Policy and Strategy. This improvement area was addressed by the Senior Leadership Team (SLT) in 2021/22 and we are confident that the strategic risk register does now include assurances. In Q3/Q4 of 2022,

we also embedded assurances into the expectation of our operational risk registers and reflected assurances in the new policy and strategy.

- review strategic 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 SLT in 2021/22, is now a regular discussion point and related to our operational risk registers in 22/23.
- 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 SLT in 2021/22 and during Q3/Q4 22 was embedded into our operational risk registers.
- review and update the Risk Management Strategy to include the review, moderation and approval process for new risks for both the strategic risk register and the operational risk registers. The new risk management policy and strategy published in Q1 2023 addresses the above process which is now being embedded across the Councils.

Risk management is a key strategic element in our decision making and operation that in line with the new policy and strategy is being actively promoted across the organisation and joined-up with performance and finance. Each service is responsible for owning an operational risk register and the policy and strategy provides a clear line of sight between strategic and service risk with an escalation and de-escalation process in place.

The LGA Corporate Peer Challenge in March 2022, identified strengths and weaknesses of our existing risk management approach and we have since improved our risk management practice through our revised strategy, our risk framework, and our strategic risk register.



An SLT strategic risk workshop in January 2022 initiated the improvement needed in this area including the need to have a holistic approach to risk aligned to the HM Government Orange Book – Management of Risk Principles and Concepts. In February 2022, SLT began the preliminary work to develop detailed risk appetite and tolerances for each of the 13 risk types identified by the Orange Book. This work will continue in 2023 following the May 23 elections and will be embedded in our strategy at the annual risk meeting with JASC in November 2023.

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 registers to ensure they also reflected the improved strategic risk register including the need to capture assurances, include end dates, and align with the Orange Book principles.

We also 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.

In summer 2023, we plan to hold a workshop with the Extended Leadership Team to explore the importance of integrating risk into strategic decision making and the necessity for a positive risk culture in line with the Corporate Peer Challenge recommendations, supported by further risk training in autumn 2023.

## 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.

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 focus school holiday support.

We also consider equality and diversity in strategy development: for example, most recently in our Wellbeing Strategy.

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 are addressing in our three-year Corporate Improvement Programme.

The 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.





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

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 relationships with partners and our opportunity to effectively collaborate in strategically important areas of ICT continues.

Cybersecurity remains the most pressing risk facing ICT. Working with partners we focussed on our Cyber security efforts and gained our latest Public Services Network Accreditation (PSN) in December 2022. With the help of Microsoft, we reviewed our security configurations for key Microsoft toolsets providing assurance that the relevant configuration is adequate, and where improvements were identified, they are actively being progressed. Through focussed sessions at Directorate Management Teams and Overview and Scrutiny, we have ensured a better corporate understanding of both our approach to Cybersecurity and what elements service areas need to take direct responsibility for to ensure their own ongoing operational effectiveness.

Other ways ICT have supported the ongoing operational effectiveness of the organisation are by completing a refresh of core end-user compute devices during 2022/23, replacing more than 400 devices. In addition to this refresh of core end-user compute we also refreshed over 100 smartphones.

ICT supported colleagues across the organisation in their plans to modernise by playing key roles in the replacement of Enterprise Resource Planning toolsets, including a new HR system and the procurement of a new Finance system. In addition to the modernisation of systems, ICT supported the delivery of the tools, assets, and information to deliver a modernised work environment – one which is fit for a post-pandemic, hybridisation enabled, collaboration focussed workplace.



ICT remained focussed on financial rigour and strategic alignment of delivery in 2022/23. We continue to refine our understanding of the Total Cost of Ownership for ICT and are able to identify the revenue cost associated with staff growth and have put forward a 5-year capital plan thus supporting the organisations MTFS.

We continue to leverage value from our Microsoft 365 estate by implementing and automating a “Good Start Board”, an approach to increase transparency and improve opportunities for success of new and existing projects. By providing easy digital access to key project and programme information we also improve opportunity for corporate oversight and governance.

This ongoing focus on improving digital access is supported by the procurement of a new Digital Platform, which will, in 23/24, replace our outmoded and outdated public facing websites with more modern and efficient sites and improve our capabilities to support the end-to-end digitisation of processes.

Senior Leadership Team agreed to introduce a refreshed programme approach to support better oversight of key organisational outputs and outcomes and provide an improved, evidence-based understanding of where resources are being utilised and how best to prioritise them. Following on from this a portfolio of 4 corporate programmes was agreed in 2022/23, based around the following themes:

- People – this programme aims to ensure that Babergh and Mid Suffolk District Councils are recognised as great places to work, to learn and to grow. Places where our people are encouraged, energised and enabled to deliver our ambitions.
- Data – this programme aims to ensure that Babergh and Mid Suffolk District Councils understand and manage data consistently so that it supports

the organisations, services and staff to make insight-driven, evidence-based decisions.

- Environment – the programme aims to ensure that we meet and exceed the expectations set out in the Carbon Management Reduction Plan and address other impacts to our environment such as the loss of biodiversity.
- Change and Efficiency – ensuring we improve our services and make them as efficient as possible so that we can meet the very real changes in the needs of our residents, staff and the organisation itself.

This approach will continue to mature during 2023/24 and will be supported by a review of the project management framework to make it more pragmatic and proportionate.

**It is the opinion of the Corporate Manager for IT and Programmes that technology assets of the Councils are run effectively, efficiently and economically and that organisational maturity around Programme and Project management continues to improve.**





## Opinion of the Data Protection 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 Councils have effective information governance and assurance arrangements in place. The Information Governance Officer (IGO – employed by West Suffolk Council) is part of the Shared Legal Services Team which provides Legal and Information Governance services to the Councils' (as well as West Suffolk Council) as part of a shared arrangement.

The Councils have key individuals who have specific roles and responsibilities regarding information governance, including:

- Senior Information Risk Owner – Deputy Chief Executive with overall responsibility for the councils' information risk policy
- Director – Law & Governance and Monitoring Officer, is the Data Protection Officer who is responsible for overseeing data protection strategy and ensuring compliance with legislative requirements.
- Service Manager – Legal and Governance, acts as the Deputy Data Protection Officer and leads the Information Governance Team that develops the overall information policy and assurance framework, provides information, advice, guidance and training for staff, and monitors compliance.
- Information Governance officer – provides a comprehensive advice service to the councils in respect of Information Governance, Data protection, 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.

Examples of this collaborative work is the documentation produced to cover off the Energy Bills Support Scheme Alternative Funding Payments which the councils' have administered on behalf of government (Department for Business, Energy & Industrial Strategy), in response to the cost of living crisis; and the drafting of documentation to support the Serious Violence Duty another government strategy which requires the involvement of local authorities (Home Office).

**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, and the Councils continue to drive improvements to data security and compliance.**

Examples of specific activities undertaken throughout the year are:

- Service support in drafting of new processes or updating refreshing existing, for example:
- ECINS – case management system for recording anti-social behaviour
- Council Tax Energy Rebate
- Digital Journey
- Tenant Satisfaction Survey
- Suffolk County Linked Data Sets
- FOI/EIR procedure reviews in response to customer complaints
- Responding to an Information Commissioner’s Office Review
- Delivery of 24 training sessions for staff covering GDPR and DPA 2018
- Completion of the Information Governance Framework covering:
- Information Governance Management
- Data Quality
- Information Compliance
- Information Security
- Information Sharing
- Records Management
- Review of the information held under the Control of Patient Information (COPI) and its destruction in the summer of 2022.
- Joint working with SODA and all Suffolk public authorities (SIGG) to provide an ongoing joined up approach to data driven service improvements and projects.

### **Four key aims for 2023/24 are:**

- Refresh the councils’ policies and procedures to reflect new proposals for data protection reform expected later this year.
- To work within the project group supporting the councils’ Data Programme
- Liaise with the councils’ Learning and Development Team to source an up to date and fit for purpose online GDPR training module for all staff to complete on an annual basis.
- Train and support new Councillors in an understanding of GDPR and DPA 2018 commensurate with their role (by end of May 2023).



## Opinion of the Corporate Manager – Communications and Engagement

The Communications team supports all council service areas with both external and internal communications.

This includes issuing proactive media releases and reactive statements, offering communications advice, creating content on our social media channels, photography and video, design services, as well as providing internal, member and stakeholder communications.

We help our residents, staff, members and partners feel informed about council services and priorities, and to see our positive impact on communities - building trust and enhancing our reputation.

In 2022, we issued more than 90 media releases and managed more than 300 media inquiries.

This included positive coverage about our work to tackle climate change, highlighting our visions for Sudbury and Stowmarket, and supporting our cost-of-living action plan.

Our Facebook posts had a reach of 270,000 across both councils in 2022, while we have also helped to produce new-look End of Term reports highlighting the achievements of our councils in the last four years.

Meanwhile, our Communications and Engagement Strategy has been developed, with further engagement and actions planned in 2023/24.

## Priorities for coming year / areas for improvement

The Communications team will continue to work with colleagues across the organisation to ensure we are keeping them, our residents, Councillors and partners informed about our services and priorities.

Our work will remain aligned to our corporate priorities, and we will continue to help the administrations to articulate these, demonstrating the positive impact they are having in the communities we serve.

We will cater for a range of audiences across multiple internal and external channels, ensuring our communications are tailored for them.

These audiences include staff, residents, councillors, local media, housing tenants, businesses, parish and town councils, other local authorities in the region, partner organisations, community groups, MPs, charities and voluntary groups, and potential visitors to our districts.

The services we will offer include media relations, internal communications, councillor communications, design, photography and video, branding, communications training, communications advice, wider external communications, crisis communications, social media development, publications, and events advice.

Our communications will focus on the principles of being open, honest, and timely, using plain English. This will ensure we are transparent and our work is of the highest integrity. We will also ensure our staff, members and people impacted hear council news first where possible.

The Communications and Engagement Strategy will see us refresh our approach in a number of ways.

We will support the development of our internal communications channels, with the aim of providing more dynamic and engaging platforms. This includes our external website launch due late summer 2023.

We will enhance our social media channels and launch new ones, with a clear strategy to connect with different and new audiences online. This will include developing more visual content – pictures and video – which will better engage our audiences and help us convey our key messages.

We will ensure we are communicating in the right way at the right time for different audiences. We will also encourage more meaningful engagement and dialogue, which our councils can use to enrich decision-making.

Councillors who are the trusted voice of the council in the communities we serve, will be supported with information being provided at the right times. We will also offer media training for portfolio holders and a social media guide.

Using the expertise of the communications team, we will build a culture of good comms practice across the councils through training and workshops.

And we will gauge our success through evaluation where possible, including the feedback from our Residents' Survey, Pulse Survey, social media analytics, and assessing sentiment in media coverage.

We are also recruiting an apprentice digital content producer and remain committed to developing the skills within our team.

A digital programme of work is continuing focused on improving our customers' online experience. This includes our new, external facing website which will be launched in late Q1 2023/24.

**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

To meet the requirements of Section 2(7) of the Health & Safety at Work 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, Head of HR & OD, 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. However, any significant H&S issues are shared with the H&SB, along with plans for remedial action via M/S Teams between meetings.

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.

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 2022/23 there was 1 RIDDOR reported to the Health and Safety Executive.

## Annual Governance Statement 2022-2023

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 2022/23. Operationally during this period the H&S team has worked with reduced capacity due to long term sickness. As a consequence, this has led to continuation of the reduced assurance activity (previously caused by the impacts of the COVID 19 pandemic during 2021/22) carried out by the team. This has been addressed in the 2023/24 Service Plan.

The internal review of H&S structures and approach currently being carried out by the interim Corporate Manager may lead to changes in the future operational focus of the team and the governance arrangements for H&S within the two councils.

Following issues with landlord H&S Compliance and our self-referral to the Social Housing Regulator, performance on Health and Safety compliance is regularly reported to and monitored by SLT, Cabinet and the Building Services Transformation Board. Additionally, officers meet with the Social Housing Regulator monthly and the regulator continues to confirm that they are happy with our progress and the actions that have been taken to address H&S compliance in both the short term and the long term.

Additional permanent capacity to support health and safety compliance has also been built into the new staffing structure for Building Services. Long term governance arrangements are yet to be determined. Refer to the Action Plan moving forwards section within the Statement.

## Actions moving forward

### Resetting our Corporate Plan

Why are we reviewing our Corporate Plan?

Our Corporate Plan gives the Councils direction on what we want to achieve for our residents, businesses, visitors, stakeholders and partners, and of course all Councillors and staff. The current Corporate Plan was adopted in 2019.

Although adopted as a longer term 8-year plan it was always intended to revisit the plan in 2023 with new political term/potential new administrations. This is especially relevant given the huge amount of international, national, and local change since the Corporate Plan priorities were adopted. The reset will ensure the Councils are prioritising the right issues for today and the foreseeable future. It will also help identify how we will achieve our outcomes, providing that golden thread through our organisation to give a clear vision on how we all achieve our shared outcomes.

### What is our approach?

Some of the principles that will under the approach to the corporate plan are:

- Longer term planning, not just immediate goals and political-term thinking
- Use community and stakeholder engagement to help shape priorities, identify how and who can deliver those priorities.
- Consider the role of local authorities, and whilst providing direct services also consider how we can influence and engage more to achieve wider outcomes with our communities and stakeholders.
- Identify and resolve inherent tensions between ambitions.
- Work will enable reset of values and behaviours and connect to budget consultation.

The new corporate plan will set out:

- What is distinctive about Babergh and Mid Suffolk
- Ensure the plan is relevant and meaningful, whilst ensuring simplicity to the plan
- Our joint councils' vision and mission
- Our strategic principles and missions
- How we nurture diversity of our places & people ensuring we adapt to the needs of our rural and urban communities.
- Our ways of working
- harnessing the strengths of others (community groups & partners), focusing on convening services for our places and co-designing, co-creating and co-delivering.
- achieving our outcomes through working with, and influencing, our partners. This will include how we will seek to influence the wider system using whole systems commissioning levers.
- How we will know if our plans are working – high level targets for 2031.

We will go about this through engagement with our Councillors, all staff, stakeholders and partners and residents, businesses and visitors.



## What will be the outcomes of this work?

The Joint Corporate Plan will be adopted in 2024 and cover the time period from 2024-2031. Following this we will review the Outcomes Framework to ensure we are effectively monitoring our performance against this plan, in the form of an Annual Corporate Delivery Plan. And we will review our strategies and plans to ensure they are aligned with the Joint Corporate Plan and Outcomes Framework, and that the clear golden thread can be seen through the organisation from missions of the council through to our actions on a daily basis to deliver these for our communities.

## Local Elections

The Councils have continued its business with local elections set to take place on 4th May 2023. This will be followed up by an extensive induction programme for new and returning councillors, and the development of the Corporate Plan as described above.

## Building Services Transformation and Improvement Programme

We are currently carrying out an in-depth review of the Councils' Building Services, which maintains our housing stock. As part of this, two experienced specialists, working alongside our own officers, have been looking at a number of key areas and assessing our compliance with regulatory standards. Their initial findings identified a number of areas requiring improvement. We take the health and safety of our tenants seriously and the teams are already carrying out urgent work to address these issues.

As our current position does not meet the required health and safety obligations, we, as responsible landlords, voluntarily referred ourselves to the Regulator of Social Housing. Following a review by the Regulator, we were given a regulatory judgement which required us to carry out urgent actions to bring our properties back into compliance. As our diagnostic review had already identified failings, the process of improvement had already begun. We are meeting with the Regulator on a monthly basis and provide details on our compliance actions. They are happy with our progress. Monitoring will continue until we have reached a position of compliance.

We are being transparent about this process to show our commitment to the health and safety of our tenants and demonstrate our understanding of our regulatory responsibilities. Although a regrettable situation, we are committed to not just taking Building Services through these challenges but transforming it into an excellent service for tenants in the future.

Our transformation and improvement programme has made significant progress, our compliance structure has been agreed, staff have been consulted, and we are now working towards recruiting to positions in our new structure. The DLO business case and restructure proposal has been presented to our Transformation Board and following a small number of changes, the final version will be presented in mid-July.

It should be noted that there have been significant, and welcome, changes in the way social housing is regulated in the last two years, meaning all councils have now been brought in line with other Registered Providers to adhere to the regulator's same requirements and processes. If we are not 100% compliant, we are obligated to refer ourselves to the regulator, which is not unusual, particularly with local authorities new to this housing regulation.

## Peer Review

In March 2022, the Local Government Association Peer Challenge Review team visited us. They spoke to more than 200 people, including officers, councillors, stakeholders, and partners in order to provide us with a sense check on how we are performing and suggest some improvement opportunities.

The key headlines are that the Peer Challenge team say that Babergh and Mid Suffolk District Councils are well run and deliver good core services to our residents.

They describe our officers as being highly dedicated, committed, and loyal to the organisation; and praised the workforce for delivering above and beyond, particularly during the pandemic.

The team found excellent partnership working at strategic level to deliver positive outcomes on health, wellbeing, housing, stimulating economic growth and shared services – and we were described by our partners as “punching above our weight.” We are ambitious. The redevelopment of our former council offices, the regeneration of our key market town centres and Gateway 14 are given as examples of our “bold aspirations for place, housing, economic development, skills and innovation” together with our commitment to wellbeing and climate change.

But with so much ambition the team feel we need greater prioritisation to ensure we can manage delivery within our resources and capacity. The team commended our action on climate change, including conversion of our waste vehicle fleet to run on hydro treated vegetable oil (HVO) and our £2.8m investment in solar schemes at our leisure centres.

They noted the strong relationships that are starting to be forged with our communities and that, in turn, our communities have proven over the past two years that they can step up and deliver locally within their neighbourhoods.

But they also pointed out that we do not have the capacity, resources, and – in some cases – the expert knowledge, to deliver everything, so should harness the skills and capacity available from others within our communities and networks.

The team found our finances to be sound, with balanced budgets, and no significant funding gaps over the short term. Our commercial ventures are profitable, with CIFCO delivering financial returns for both councils and the growth companies delivering new homes. They were impressed with our investment in the development and wellbeing of our workforce; however, they also heard some examples of poor behaviour in dealings between councillors and officers and recommend that these relationships are ‘reset’ to ensure unacceptable behaviour is ‘called out’ without fear of consequences.

Finally, the team found that Babergh and Mid Suffolk’s shared partnership is successful and continues to deliver benefits to the residents of both districts. Councillors from all parties confirmed to the team that they want to continue to work together in partnership, but not to merge.

The Peer team raised a number of observations and suggestions resulting in 10 recommendations. In response to the recommendations we have developed an action plan showing how we intend to take these recommendations forward.

The Peer Review has been a very beneficial exercise and has helped to shape and finesse the improvements we need to continue to make to ensure our organisation remains fit for purpose and relevant into the future, able to tackle the new challenges facing our communities and residents.

**The report from the Peer Review team also highlights and praises us for how far we have already come and how much we have to celebrate.**

## Social Value

A draft Social Value Policy to support delivery of the Council's refreshed Corporate Priorities and associated strategies will be presented to SLT and will then be considered for adoption by Full Council, its precise timing will ensure we have clarity of purpose and a shared understanding of how we can embed our approach to developing achievable social value principles (social, economic and environmental) in every element of our activity. We will therefore be applying a social value lens to everything we do. We are mindful of the wider benefits that can be generated for our local communities.

We will measure and collate key performance indicators, which we will review periodically, to enable us to measure and monitor an identified set of internal KPIs based on themes, outcomes and measures (TOMs) not only through our procurement practices but making sure we achieve more meaningful leverage from all our public spending across all our services.

Our financial and contractual procedure rules will also be revised to create the flexibility to support local contracting and easier routes to market and a revised process for waiver from the contractual procured rules.

Robust evidence-based analysis will allow us to report progress on individual projects. We will also publish an Annual Summary Report of all projects delivered across the year and a Corporate Report will allow us to provide a more detailed summary of Social Value delivery over the year across the organisation.

A task and finish group will be set up to ensure Social Value is at the forefront of all activity, achieving value for money on a whole life basis for the council, communities and the economy, whilst protecting the environment.



## Approval of the Annual Governance Statement

The Annual Governance Statement provides an assurance of the effectiveness of each Council's system on internal control. There is an acknowledgement that the control environment in some areas requires strengthening. 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.

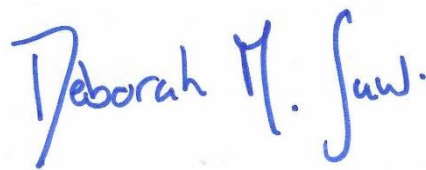
We are satisfied that these steps will continue to address the need for any improvements that are required and that arrangements are in place to monitor the issues raised as part of each Council's annual review.

Signed



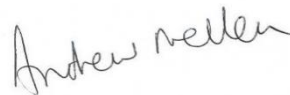
Arthur Charvonia, Chief Executive  
Date: 9<sup>th</sup> December 2024

Signed



Deborah Saw, Leader of Babergh DC  
Date: 9<sup>th</sup> December 2024

Signed



Andrew Mellen, Leader Mid Suffolk DC  
Date: 9<sup>th</sup> December 2024

