



Babergh & Mid Suffolk District Councils

# Annual Governance Statement

2023 - 2024



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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 local 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 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 2024 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

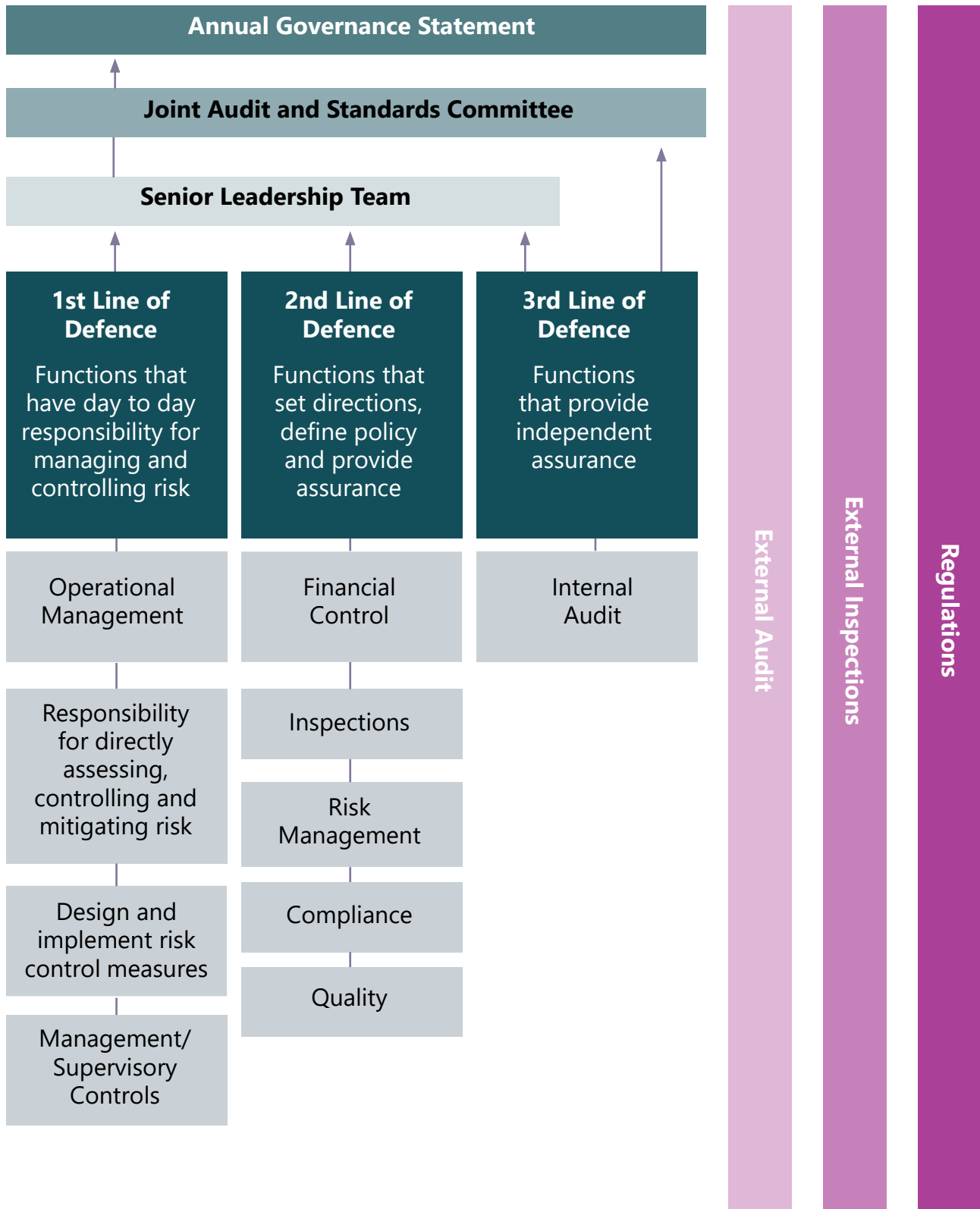
In preparing the Annual Governance Statement the Councils have:

- 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.
- Assessed the effectiveness of the Councils’ governance arrangements against the revised Local Code of Corporate Governance.
- Obtained assurance statements from officers relating to their areas of responsibility, including actions from the 2022/23 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 forwards 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 Head of Governance and Civic Office, Interim Monitoring Officer

The Council's each have a Constitution made under Section 37 of the Local Government Act 2000. Its purpose is to enable the Councils to set a strategic vision for the provision of local public services. The Constitution supports development of the Council's capacity, and the capability of the individuals within it, and ensures that decisions are taken while respecting the rule of law.

The Councils' operate a Leader/Cabinet governance model. The Council's decision-making framework and scheme of delegations to the Cabinet, committees and senior officers are set out in full in the Council's Constitution. The terms of reference for the Shared revenues partnership are supplemented with a written partnership agreement that sets out the decision making and management framework for the services delivered in partnership with our neighbouring authorities.

The Overview and Scrutiny committee continues to scrutinise decisions of the Cabinet and officers through pre scrutiny and post scrutiny options with a full work programme agreed annually and reviewed monthly. The committee also review the business plan of the Councils companies before final approval by full Council.

The role of the Monitoring Officer is currently being undertaken by an Interim Monitoring Officer. The officer is an experienced governance officer with over 20 years' experience and has appointed the Head of Audit as their deputy. Plans to recruit to a new Chief Operating Officer post which will include the Monitoring Officer role is currently being undertaken.

During 2023/24 44 councillor Code of Conduct issues were investigated, dealt with and where appropriate discussed with an Independent Person. During 2023/24, two complaints were referred to and reviewed by the Joint Standards Committee.

The Monitoring Officer provides advice and training to staff and councillors regarding the principles and compliance of ethical standards on an ongoing basis.

### **Actions 22/23**

The Council is required to keep its Constitution under review. In 2022/23 the Monitoring Officer in consultation with the Constitution Working Group reviewed the Councils' Contract Standing Orders and the whole of the Constitution to ensure that it was gender neutral with the changes being approved by the Councils in October 2023.

A review of the Leader/Cabinet governance model has been put on hold due to the changes in Administration following the district elections in 2023.

### **Actions 2024/25**

To review the financial regulations and scheme of delegations to ensure that there are tighter financial controls in place due to the current financial situation the Councils are facing.

Accessibility to be the key objective for the governance team to ensure that we are as democratically accessible as possible.

**The Councils have continued to demonstrate sound decision making following the election of the new Councils in May 2023. This is testimony to the robust governance arrangements that the Councils have in place. The Monitoring Officer's overall assessment is that the Councils governance arrangements continue to be sound.**



## Opinion of the 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.

- 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.

During February 2024, DLUHC issued a joint statement (Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit) and a related consultation. The statement sets out a proposed three-phase approach to tackle the national backlog in the audited accounts of local authorities. Concurrently, the NAO has consulted on changes to the Code of Audit Practice to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements.

A report was presented to Joint Audit and Standards Committee in November 2023 updating Councillors on the Councils situation with unaudited accounts with a further update to be provided in August 2024.

The 2023/24 audit will commence in July 2024 and the Councils are in discussion with EY to agree the approach to 2020/21, 2021/22 and 2022/23 audits subject to legislation to be agreed by Government later in the year regarding disclaimed audit opinions. The Councils will still receive a Value for Money conclusion from the auditors for all three years.

## 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 2023/24 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.

Further cost reductions and additional income were identified respectively for the 2024/25 budgets without again having any significant impact on the level of services provided to the public.

As part of the budget setting process for 2024/25 the Overview and Scrutiny Committee reviewed and challenged the budget assumptions, the pressures, and the savings.

During 2024/25 the finance team will work closely with Directors and the Heads of Service 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 2024. 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 2023 index, which provides the relative position for the 2022/23 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.

In order to mitigate against the risk of this the Councils established as part of the 2024/25 budget setting an earmarked reserve for expected credit losses.

## Financial Performance and Monitoring

The Councils report financial performance quarterly to the Senior Leadership Team (SLT), Cabinet Members for Finance 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 2023/24, which showed a significant surplus for Mid Suffolk and a small deficit for Babergh 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 was undertaken, this has demonstrated that significant savings will have to be made, and review of the capital programme will be needed during 2024/25 to ensure the HRA remains financially sustainable.

Further work will be undertaken during 2024/25 to enhance the reporting to include regular reporting of the Medium-Term Financial Plan.

## 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 many of these have been implemented via the finance transformation plan.

On the 1st April the Councils went live with the new financial management system Unit4.

The benefits 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.**

Internal audit undertook a review of the implementation of the new system and issued an opinion of substantial assurance.

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 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,

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 Head of Commissioning & Procurement

The total spend of both Councils in the financial year 2023/24 was £75,995,245 with 1584 suppliers. Of this spend 83% was with the top 100 highest spend suppliers and 5% with the top 10. There are 156 contracts listed on the contracts register, the records with an annual value to date totalling £22.4 per annum. Work is ongoing to complete the data on the contracts register. The team have set up 636 new suppliers on the Integra Finance system in 2023/24 after completing due diligence checks regarding the authentication of the organisation.

The Head of Commissioning & Procurement and the two Procurement Business Partners each have identified directorates to support as a business partner. So every service has a named person to contact in the first instance who has knowledge of their service area. A list of the business partner service areas is available for all staff on the Commission and Procurement pages of the intranet Connect.

To support the implementation of the new finance system Oracle Unit 4, the C&P team have provided regular training, drop in sessions and guidance both before and after the go live date to support colleagues to understand and use the new purchase to pay systems.

Service specific checks are undertaken by the service areas prior to making a new supplier request. To remind services that their checks need to be undertaken before making a request, in the new finance system an additional mandatory field has been added for requestors to confirm that these checks have been undertaken.

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. Recommendations from the audit, an action plan from the East of England Local Government Association (EELGA) and previous internal audit recommendations have been included in the Procurement Transformation Plan.

Key strategic findings from the audit were :

- **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 on a fixed term basis to work with the change and transformation leads delivering a programme to address the findings from the internal audit report. Work to support the implementation of the new finance system Unit 4 and a Business Partner vacancy in the Commissioning and Procurement Team have impacted on the speed of change to deliver the Procurement Transformation Plan. In January 2024 a new Head of Commissioning and Procurement post was appointed to lead and deliver the Procurement Transformation Plan, to develop a sustainable procurement approach and the implementation of the new Procurement Act 2023.

## Transformation Plan Progress

- Conflict of Interest Forms are now requested from requestors of procurement exemptions before the exemption will be considered and for all bid evaluation panel members.
- The exemption from our Standing Orders process has been reviewed and the forms used reviewed and updated.
- The accuracy of the data on the Contracts Register has been improved and the scope of data extended to establish a more robust record of the Councils contracts. The Contracts Register is shared with the Senior Officers and Heads of Service on a monthly basis as a reminder to record any contract amendments or new contracts.
- The Procurement Pipeline is used to plan resources to respond to the planned procurement work to replace and introduce contracts.
- A Procurement Work Request has been introduced to ensure clarity regarding the procurement work requested, the work requests are reviewed and allocated based on resources available and skills match by the Head of Commissioning and Procurement.
- A Procurement Work Book has been introduced within the Commissioning and Procurement Team to ensure all stages of procurement projects are completed and a record recorded with sign off by the Head of Commissioning and Procurement regarding the procurement approach, before bids are advertised and before bid award.
- A Social Value Policy has been developed and is planned to go before Cabinets in July for agreement. The implementation of the policy is outlined in a detailed and comprehensive Social Value Action Plan.

The Head of Service for Commissioning and Procurement is not satisfied that the systems and processes in place during 2023/24 were adequate to enable the Councils contracts to be effectively let and managed. However the Councils have invested in re-introducing the role of Head of Commissioning and Procurement.

Significant progress in delivering the Procurement Transformation Plan has been made since the additional resource of the post was introduced in January 2024.



## Opinion of the Head of 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 Head of Internal Audit has a responsibility under the Public Sector Internal Audit Standards to provide an independent, annual, internal audit opinion on the overall adequacy and effectiveness of the Councils' governance, risk, and control framework (i.e. the control environment) and therefore the extent to which the Councils can rely on it and inform its Annual Governance Statement.

No system of control can provide absolute assurance against material misstatement/loss or eliminate risk, nor can Internal Audit give that assurance. The work of Internal Audit is intended only to provide reasonable assurance on controls.

The work of Internal Audit is resourced from existing staff and from an external audit partner reporting directly to the Head of 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 underwent their second external review in February 2023. 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.

An internal audit review of the Councils' compliance to the seven core principles of good governance. 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 have now been addressed.

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.

100% of Internal Audit work completed during 2023-24 has yielded an acceptable level of assurance (substantial or reasonable) over the design and operation of the services, systems and processes audited. Any outstanding weaknesses in the governance, risk and control framework will continue to be followed up by Internal Audit.

I am satisfied that sufficient internal Audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the Councils' governance, control, and risk processes.

I have performed my duties in accordance with CIPFA's guidance on the Role of the Head of Internal Audit.

Based on the findings of the managed audit and governance reviews carried out throughout 2023-24 and evidence from other assurance providers, and considering the current climate in which the Council is operating, it is the opinion of the Head of Internal Audit that the Councils' governance, risk management 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 Head of 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 Head of 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 Head of 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 Head of 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 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 Head of 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 2024/25 includes:

Continue ongoing NFI exercise;

- Ongoing COVID-19/Omicron support work around business grants
- Ongoing Flood Recovery governance support work of grants
- Ongoing Energy rebate governance support work of grants
- Supporting both Councils to improve levels of awareness of fraud risks amongst staff;
- Continue collaborating with neighbouring councils to share knowledge and expertise on anti-fraud and corruption measures through the Suffolk Fraud Group; and
- 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 Director – Property, Development & Regeneration

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

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.

Financial audits are undertaken by external auditors, 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 has been undertaken by new Councillors as part of the Councillor induction programme and is 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 Property, Development & Regeneration reports quarterly to Joint Cabinet Briefings and 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.



## Opinions of the HR Change and Project Lead, HR And Employee Relations Lead and Organisation Development & Employee Experience Lead

### Governance and Compliance

To ensure we provide clear advice and guidance to our employees and remain legally compliant, we have a comprehensive range of people policies and associated guidance and procedures. These are available to employees and managers through our intranet system Connect. We are currently refreshing the look, content, and language of our policies to ensure they are simple to follow and user friendly whilst enabling the councils to have a robust framework in place.

Our people plan is aligned with the needs of our corporate plan's objectives, and we have a team structure in place with clear areas of responsibility to deliver this. We also ensure that any associated people risks are highlighted and measured in our HR Risk assessment.

Our 3-year People Plan outlines the strategic workforce priorities for the councils which include the people transformation programme and incorporates how the councils' values and behaviours will continue to be embedded in the organisation. The strategy is underpinned by a detailed action plan with associated timescales.

## Managing Services

We recently introduced annual meetings for heads of service with HR and OD representatives to enable early visibility, intervention, and discussion of planned people activity within each service area. This enables us to build a plan across the year which provides adequate resources to support planned activity such as restructuring, learning and organisational development initiatives, including upskilling and mandatory learning requirements.

We report against a range of people indicators. One of these key indicators is Absence. Monthly updates are provided at relevant Senior leadership team meetings and quarterly figures are produced for cabinet and quarterly management report. A further breakdown is available to each line manager via our Management dashboard within our HR Information system. A weekly breakdown is provided to our Employee Relations lead, HR Partner, and HR advisors to enable the team to monitor levels of absence, reasons for absence, number of days lost, long term casework and mental health related absence. This ensures that appropriate mechanisms and levels of support are put in place where required.

Our HR Information system provides a suite of people related reports that allow us to measure, analyse and monitor on a monthly basis. More recently we have started to look at automation of data and a purpose-built scorecard to enable us to spot trends and provide support and early intervention when needed.

## Resourcing, Recruiting, and onboarding

We use various methods of resourcing candidates including advertising various jobs board, internal and external recruitment sites. For the last 12 months we have been using LinkedIn which enables automatic advertising of roles and candidate search by specific skills and experience.

Our HR information system incorporates a self-service-based recruitment platform which supports managers to view and engage with potential candidates. The system follows the entire recruitment flow from advertising to appointment which ensures we have a consistent approach to recruitment. This is supported by policies and procedures to ensure a robust selection process is in place that drives fairness, consistency, and inclusivity.

Our right to work checks are thorough along with our referencing to ensure we remain legally compliant. We are a Disability Confident employer, and we are committed to ensure we are a menopause friendly employer, and we are working on our accreditation towards this.

Our learning for new employees is a mixture of service-based learning, a corporate induction programme and online essential training. We are in the process of introducing a Learning management system (accessed via our HR Information system) which will allow us to offer a wide range of additional learning topics. The system enables us to monitor and report completion to evidence compliance. Our code of conduct and our values and behaviours are readily available to our people in our employee induction. Our HR Information system provides new employees and managers with an onboarding journey which provides a list of onboarding tasks to be completed as part of induction

The current recruitment market provides challenges for us all. To ensure that we remain competitive we have undertaken an organisational wide Pay and Reward review where over 300 job evaluations were completed.

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.

## Organisational learning and development

Our organisational learning and development services supports the areas of the 3-year People Plan and encompasses the areas of organisational talent and learning, early careers, equality, diversity, and inclusion (EDI), employee wellbeing and engagement.

## Equality, Diversity, and Inclusion (EDI)

In 2021 we commissioned an EDI specialist, Brook Graham, to run an initial EDI health check and deliver awareness training to the Extended Leadership Team in 2022. To build on this learning we developed an internal EDI programme of works last year for Councillors and all staff, which incorporated organisational EDI commitments to further nurture inclusion, promote diversity and cultivate equality. We recruited and trained a group of EDI Champions to help raise awareness across the organisation, delivered tailored awareness training for Councillors and all staff and conduct an EDI employee life cycle audit (desktop review of our current policies and processes, interviews and focus groups with our employees). An 'Inclusion Hub' is being developed to host a range of resources to support learning and further promote awareness.

Once the outcomes and findings from the analysis, including a set of recommendations, have been presented to the Senior Leadership Team, next steps will be agreed.

## Wellbeing support

We have continued to build on our award-winning health and wellbeing provision for all staff.

In partnership with external wellbeing experts, consisting of a team of organisational and occupational psychologists, we deliver regular wellbeing webinars that cover a wider range of topics to support the mental health and wellbeing of staff.

Staff have access to a Wellbeing Hub on our intranet, Connect, which is home to recordings of the above webinars, the details of our Mental Health First Aiders, links to the Employee Assistance Programmes with Health Assured, as well as wellbeing toolkits for managers and additional information and resources for all staff.



To ensure an inclusive approach to our provision, we deliver monthly in-person well-being check-in sessions for our frontline staff (Trades and Public Realm operatives). We are also preparing to apply for menopause friendly employer accreditation, through the delivery of menopause awareness training for Managers and all staff and a Menopause Network and Champions.

With the continued cost of living challenges our employees face we provide financial wellbeing support, which includes a training programme, a series of online sessions delivered internally as well as other external opportunities.

## Employee Engagement

To ensure we provide staff with an opportunity to feedback to us as an organisation and assess the levels of employee engagement this year we will deliver an annual staff survey, designed, delivered and analysed internally.

Across the year we continue to deliver Lunch and Learn in-person and online sessions as well as other initiatives in conjunction with National and International awareness campaigns to tie-in, highlight and support our EDI, Wellbeing, Learning and Development and engagement priorities.

## Building the Workplace

We continue to support an approach to providing young careers through our Apprenticeship, Intern and Graduate programmes. This ensures we are supporting the local economy and developing talent pipelines.

We fully utilise our apprenticeship levy to attract and retain new staff as well as upskilling existing staff at all levels from entry to postgraduate levels in a plethora of subjects.

The Councils have a Learning and Development Plan in place that sits as part of the overall People Plan. An annual learning needs analysis is conducted with every Head of Service to determine skills gaps and training plans for the forthcoming year.

The first cohorts of our Aspiring Managers and Emerging Leaders' programmes have been completed. These were delivered with the support of an external organisation and internally led interventions. A Senior Leaders programme has been constructed and will be delivered by an external provider later this year. The next cohort of Aspiring Managers and Emerging Leaders participants begins Autumn 2024.

New learning sessions have been introduced on key management topics. There are a range of e-learning and in-person subjects available for any staff who have people management responsibilities. In conjunction with the HR team, virtual bite size learning sessions for managers have been delivered centered on some of the basic people measures and we will continue to evolve these.

Further related resources are made available via dedicated SharePoint sites together with policies and procedures via our intranet, Connect.

## Rewarding our employees

We recently completed an all staff pay and reward review. During this 18 month review we evaluated every job role with councils for roles of Head of Service and below. We introduced a new Job Evaluation software which is NJC accredited. A detailed project plan was put in place which included the support of an external Reward and Benefits specialist who carried out extensive research on behalf of our organisation our Reward Programme board was appointed to lead the project and they viewed the presented options and agreed on the approach that was taken to make changes to our Grades and Spinal column points. The aim of the project was to ensure equal pay for equal jobs. This also allows us to be confident that we are competitive in the market. We also produce our annual pay statement.

As part of the Pay and Reward project we are introducing three new employee benefits. The new benefits will be introduced early in the new financial year. These include Electric Vehicles, AVC Wise and GP helpline.

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. Our most recent report shows our gap is continuing to close.

## Managing our employees

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, this demonstrates the behaviours we expect to see as part of our organisational values and can be found on Connect. Our staff are now able to upload their reviews onto our new HR Information System for ease of reference and access. The HR Team conducts spot checks to ensure that regular 121s and reviews are taking place.

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

We continue to support and encourage a hybrid approach to working. Work is what we do not where we go. Our continued flexible approach and agile ways of working with supported policies and guidance in place enable us to encourage our employees to have a good work life balance.

## Leaving our organisation

To enable us to gain feedback from employees who choose to exit the organisation we encourage feedback by completing a leaver survey and where requested an exit interview with a member of the HR team. This allows us to analyse why employees leave our organisation, the reasons why and any trends or concerns. A leaver journey is created to ensure all leaver activities are completed and assets that employees have been issued are recorded on our HR information system to enable the line manager to collect all equipment and information from the employee before their last day.

To support those employees who are making plans for life after work, we offer flexible retirement options and retirement workshops.

The HR Change and Project Lead, HR And Employee Relations Lead and Organisation Development & Employee Experience Lead are 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.

### Looking ahead to the future and any Risks or challenges

- Career Frameworks and Talent retention and succession to support skills required now and in the future.
- Automation ( AI) and the impact on our people processes.
- Measuring our pay gap for protected characteristics
- Increased understanding our workforce metrics and how to get the best from these



## Opinion of the Head of Strategic Policy

The Councils have been on a journey of improvement, reflected in the recommendations of the Local Government Association (LGA) Corporate Peer Challenge (CPC) March 2022. Ongoing work to implement the ten recommendations have been inherent in the work programme of the Strategic Policy team in 2023, working in partnership with services across the Councils to deliver the recommendations.

Resetting the Councils' Corporate Plan and embedding a strategic approach have been key workstreams reported into the Change and Efficiency Programme Board to ensure strong progress is made in these areas. Following the LGA follow-up visit in January 2023, substantial progress was reported and agreed with the LGA against the Peer Challenge recommendations. They identified that the improvement plan is a serious indication of the improvement journey the Councils are on and there is clear evidence of resourcing the plan and sticking to it.

Remaining recommendations still to be fully implemented, including resetting the corporate plan, mapping strategies to the corporate plan, prioritisation of projects and programmes, developing a place-based approach and a Members Charter. Work has progressed in all these recommendations as this Statement provides further detail on.



## Performance

Ongoing work to implement stronger performance management across the organisation has progressed well in 2023. Following the agreement of the Outcomes Framework in 2022, performance reporting in 2023 aligned to the agreed Tier 1, Tier 2, and Tier 3 outcomes. Progress against each of these tiers was presented in the quarterly performance reports to Cabinet.

Reporting also brought in more targeted performance information, providing data on key performance indicators (KPIs) against Tier 1 outcomes, providing previous data to give a direction of travel of the KPI. Red, Amber and Green (RAG) status were also provided where targets for KPIs have been agreed to show whether we are on track or not for performance.

In May 2023, with the formation of new political administrations, new priorities were identified. Throughout the summer and autumn 2023 the new direction and priorities were developed through engagement with staff, communities, businesses, and partners. At the staff conference Navigating our Future in July 2023 the future direction of the Councils was considered, with workshops around what staff considered made a thriving community, in line with the aims of the new administrations.

To set the scene of the challenges the Councils are working to address, the State of the District Reports were produced for each Council and considered at Full Councils in September 2023. This brought together data and insight from national and regional data sources, to capture the challenges that we need to address for our communities. These reports informed the draft priorities that were identified in October 2023 when Cabinet agreed to conduct engagement prior to publishing their final plans (Our Plan for Babergh and the Mid Suffolk) in December 2023, with adoption at Full Councils in January 2024.

As part of developing these plans, extensive engagement took place with communities, partners, businesses, and stakeholders including our staff, Councillors and Town and Parish Councils. During a six-week period several community conversations were held with many groups, including individuals and groups representing seldom heard voices. An online survey was also available for anyone to complete. Over one thousand responses were received in total, which when compared with engagement by other councils on their corporate priorities, benchmarked well in terms of response rates.

The feedback was collated and analysed to provide insight as to whether people considered the priorities identified to be the right ones, and whether anything was missing from these. The majority agreed that the priorities were the right ones, but there was key feedback around the importance of prioritising good core service delivery, being financially resilient whilst pursuing these priorities and how all the outcomes would be prioritised. Reflecting this feedback, the plans were amended to include 'Our Approach' that both Councils would take including these key areas of feedback.

The new plans, Our Plan for Babergh and the Mid Suffolk Plan, identified new priorities to be progressed and delivered by 2027. From these priorities, new outcomes have formed with KPIs being identified to demonstrate progress against delivery.

This work is ongoing and will be set out in our Performance Management Framework which is due to be agreed in 2024. Since the plans were agreed, discussions have been ongoing with workshops being held with Extended Leadership Team (ELT) to consider how progress against the new outcomes can be demonstrated. Refreshed and revised KPIs are being agreed across the Councils, to demonstrate in Quarterly Performance Reports, with the new performance and risk management system Pentana being brought into use.

Throughout 2023 Pentana has been procured and configured by the Strategic Policy team and are now in the process of onboarding all services onto this software and developing dashboards to demonstrate performance and risk management for the Councils. The software provides an overarching view of performance of the Councils through dashboards designed in discussion with different service areas, Senior Leadership Team (SLT), Cabinet and Statutory Officer Group, connected to the management of risks, which provides a connected performance management system for the Councils.

Further work is needed around delivery of the new outcomes, which the Strategic Policy team are supporting progress through outcome working groups across the Councils. For outcomes that cut across more than one service area, we are offering a data-driven, continuous improvement approach to review how the outcomes can be best demonstrated within and across service delivery at the Councils. The Strategic Policy team continue to provide support to the organisation to help demonstrate impact on the new priorities through selecting the right KPIs and embed the performance management approach across the organisation.

As detailed later in Resetting Our Plan update, work is ongoing to develop a plan that encompasses all of the Councils' service delivery. Through this Delivery Plan (produced in 2024 in engagement with the whole organisation), a clear connection will be able to be made from the new priorities identified in the new plans for both Councils, through to service plans and the individual performance objectives for each person in the Councils. The Delivery Plan will be produced in 2024.

## 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 Councils' reputation, supports consistent good governance and internal control and allows better informed financial decision making, leading to greater financial and budget control.

Risk management is a key strategic element in our decision making and operation that in line with the new strategy is being actively promoted across the organisation, to ensure a clear connection between risk, performance and finance on actions we choose to take as an organisation. 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 CPC 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. 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.

Strong progress has been made in terms of embedding risk since the CPC and an external audit by TIAA in 2021 reviewed 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. We have a holistic approach to risk aligned to the HM Government Orange Book – Management of Risk Principles and Concepts.

Work has continued to embed risk management arrangements, with regular review of the Strategic Risk Register (SRR) by the Senior Leadership Team. The SRR records original, current and target risk scores, and articulates risk, cause, and impact. Mitigations are included along with further actions necessary to reduce the risk. Source assurance is also being provided alongside risk mitigation to demonstrate evidence of actions being taken. The SRR is now being reported into Joint Cabinet Briefing on a quarterly basis, and Risk Management was reviewed at Joint Audit and Standards Committee (JASC) in November 2023.

Operational Risk Registers are in place for all services, following the same template as the Strategic Risk Register. Directorates are holding regular risk management meetings, ongoing training has been undertaken around the organisation, with a Risk workshop provided to the ELT in October 2023. Feedback at this workshop has informed the programme of training moving forward, and a programme to demonstrate the continuous improvement of the Councils' approach to embedding risk management in the organisation. Training has also been provided to, and at the request of, JASC with regard to its role in providing assurance of the Councils' risk management arrangements.

Another positive step forward in our risk management is the use of Pentana performance and risk management software. In 2023, Pentana was configured, with the Strategic Risk Register and most Operational Risk Registers migrated to the new software system. This system enables synergies between risk and performance management information, and clarity around updates made to registers to positively demonstrate active risk management.

Work has been progressing on outstanding TIAA audit recommendations including producing an agreed Risk Appetite Statement for both Councils. Given the new political administrations and change

in priorities, work to refresh the existing Risk Appetite Statement in production has been ongoing with a view to complete in 2024/25.

## 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.

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 also undertake equality impact assessments for service changes and for staff restructures. For example, the recent Pay and Reward Review undertaken in the organisation in 2023 and Part One of the Councils' Joint Local Plan.

Moving forward into 2024 we will also ensure neurodiversity and veterans are considered in our Equality Impact Assessments, recognising the importance of considering the impact of council decisions and policies on both groups.

The Director of Corporate Services is satisfied that processes are in place to enable the Councils to meet the requirements of the Equality Act 2010.





## Opinion of the Head of IT 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 Suffolk County Council, we focussed on our Cyber security efforts, and both gained our latest Public Services Network Accreditation (PSN) in December 2023. Alongside this both organisations have strengthened our CyberSecurity stance during 2023/2024 and are adopting a Zero Trust approach. Our first steps towards this include the rollout of a new Zero Trust Remote Access solution, with all Babergh and Mid Suffolk District Council users adopting the new toolset by November 2023. We have also increased our abilities in regards Bring Your Own Device (BYOD), including the ability to remote wipe organisational data from BYOD devices. We are also currently piloting the blocking of work and BYO device access from geolocations that do not meet our Information Governance policies.

One of the other key concerns facing ICT at present is ensuring the safe and ethical use of Artificial Intelligence. As such a discovery piece of work is underway to look at ensuring the relevant policies, procedures and technical guards are in place to ensure the ongoing confidentiality, integrity and availability of the data held by the organisation.

In our continued bid to support the organisation to modernise we have supported the move away from several legacy systems. Legacy systems often lack modern security features, have reduced audit functions, are less interoperable and pose business continuity issues. In 2023/24 we have removed and replaced our websites with our new Digital Platform, replaced unsupported planning toolsets with Cloud hosted solutions, supported the procurement of new licencing toolsets, and continued to leverage our Microsoft 365 estate.

Our Microsoft 365 estate, and specifically its low code functions, have been utilised to simplify service design and delivery of key assurance areas such as Health and Safety incident reporting, Customer Alert Lists and Display Screen Equipment reviews.

Key foundational pillars such as these are also focussed on through our Corporate Programmes.

- The People Programme is working to ensure staff wellbeing, attraction, retention, and inclusion.
- The Data Programme is working to ensure that Babergh and Mid Suffolk District Councils understand and manage data consistently.
- The Environment 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.
- The Change and Efficiency Programme is looking to embed key governance pillars such as Risk Management, Financial Rigour and Strategic Priorities.

Some significant progress has been made across these programmes in 2023/2024:

- A new Pay and Reward scheme to increase both attractiveness and retention.
- New strategic priorities have been agreed.
- New Council Websites were delivered.
- A new Finance system is close to completion.
- A new Risk Management strategy adopted and embedded.

In addition to this a new process to support these programmes and all projects across Babergh and Mid Suffolk was implemented. The Good Start Board provides a place for all staff who may have a particular initiative or project that they wish to initiate, to meet with key corporate resources and gain advice on how best to process.

Alongside these improvements in project governance and delivery, we recognise that there are areas for improvement in our Programme Management approach. We will focus on these improvements to approach during 24/25, including but not limited to increased benefits identification and realisation, increasing awareness of the portfolio, and increasing rigour around governance of these programmes.

**It is the opinion of the Head of 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 and supports the Data Protection Officer.

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.
- The Head of Governance and Civic Office and Interim Monitoring Officer, is the Data Protection Officer who is responsible for overseeing data protection strategy and ensuring compliance with legislative requirements. This role also 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 Feel Good Suffolk initiative to help our residents move towards better supported health options; and collaboration with other local authorities across the county in the drafting of a process for consideration regarding the Low-Income Family Tracker dashboard (LIFT).

**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:

- Provision of process specific information, advice and guidance (AIG) to all corporate areas
- Service support in drafting of new processes or updating refreshing existing, for example:
  - Feel Good Suffolk
  - The NHS Toolkit
  - Tenancy Satisfaction Survey
  - Introduction of a new 'Noise App'
- Drafting of Record Management, Retention and Disposal Guidance
- Refresh of the Data Quality Policy
- Refresh of corporate guidance covering:
  - Freedom of Information Act
  - Data Subject Access Requests
  - Data Protection Impact Assessments
  - Occupational Health
  - Pathfinder – Housing Stock Condition
  - Electric and Gas Auditing Services
  - Ministry of Justice Data Sharing Agreement
  - FOI/EIR procedure reviews in response to customer complaints
- 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 2024/25 are:**

- **Work with Heads of Service Managers and Services Leads to ensure the councils' comply fully with the Transparency Code 2015**
- **Work with Heads of Service and Service Leads to complete the councils' Record Management, Retention and Disposal Guidance**
- **Refresh the councils' policies and procedures to reflect new proposals for data protection reform expected later this year, specifically the Data Protection and Digital Information Act.**
- **To continue to support councils' Data Programme**





## Opinion of the Head of 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, posting stories on our website, 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 2023/24, we have issued around 100 media releases and managed more than 300 reactive media inquiries.

This has included positive coverage about our work to tackle climate change, developments such as the Skills and Innovation Centre at Gateway 14 and plans for a new café/toilets at Belle Vue Park, Sudbury, supporting our cost-of-living action plan, and adoption of our Joint Local Plan.

We delivered a communications campaign driving resident engagement with our new Corporate Plans, ensured the May 2023 elections were reported clearly to residents through both social media and traditional media, and have shared subsequent action plans from new administrations.

Our Facebook pages had a reach of 330,000 across both councils in 2023 (up 68% in Babergh and 16% in Mid Suffolk). Post engagement was up 310% in Babergh, and 91% in Mid Suffolk, and we now have 9,000 followers across both channels.

New Instagram channels were launched for both councils to help us reach wider audiences, and we worked with colleagues in the Economic Development team to launch new 'HeartofSuffolkUK' social channels focused more on 'place'. We are now able to produce more visual content thanks to an apprentice Digital Content Producer in the team.

We secured a new monthly column in the East Anglian Daily Times for the Mid Suffolk District Council leader, while continuing to support the weekly column for Babergh's leader in the Suffolk Free Press.

Our team produced the winning entry for UK Council of the Year in the iESE Public Sector Transformation Awards, and we helped H&S colleagues develop the 'Don't ignore it, report it' campaign, which has been shortlisted for a national award. Meanwhile, we have refreshed our Communications Protocol and continued to implement our Communications and Engagement Strategy.

## 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 be aligned to our new 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 also help our staff understand how the priorities relate to them.

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.

With continuing changes to the way people access information, we will ensure our Communications and Engagement Strategy remains relevant – looking for new opportunities and channels to reach our residents.

We will support the development of our internal communications channels, with the aim of providing more dynamic and engaging platforms.

Social media algorithms, which affect the visibility of content, have changed significantly in the last 12 months and we will remain alert to this and adapt accordingly. We will continue to grow our audience and further develop the work we've done to better engage audiences through more visual content.

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 will be supported with information being provided at the right times. We will also offer regular 'comms workshops' with councillors.

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

Success will be gauged through a series of KPIs, including measuring sentiment in media stories, social media analytics, and staff surveys.

**We remain committed to developing the skills within our team. 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 Interim Head of Health and Safety

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

This statement focuses on 2023/24. Operationally during Q1&2 the H&S team has worked with reduced capacity due to long term sickness and redundancy, however by Q3, housing had recruited a full time H&S compliance manager and H&S Officer for the DLO. Consequently, assurance activity increased with the initiation of risk profiling exercise and a H&S officer led audit assurance program by the team. The organisational average compliance score is 65%, the improvement plan is addressed in the 2024/25 Service Plan. The H&S board was dissolved in favour of H&S being a standing agenda item at SLT quarterly with a new H&S quarterly report being presented.

The internal review of H&S structures and approach carried out by the interim Corporate Manager lead to changes in the future operational focus of the team and the governance arrangements for H&S within the two councils, a new H&S Manager (Corporate (FT) is currently (2024) being recruited along with a new technical H&S support officer role (PT)

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.

A new FT H&S Compliance manager's post has been filled along with an H&S officer for DLO. A new compliance team has been created along with a compliance coordinator.

## Actions moving forward

Actions achieved during 2023/24 to further strengthen the Councils' governance, alongside the standing arrangements already in place:

Actions captured in 2022/23	Outcomes achieved during 2023/24
<p><b>Resetting our Corporate Plan</b></p> <p>Why are we reviewing our Corporate Plan?</p> <p>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.</p> <p>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.</p> <p><b>What is our approach?</b></p> <p>Some of the principles that will under the approach to the corporate plan are:</p> <ul style="list-style-type: none"> <li>• Longer term planning, not just immediate goals and political-term thinking</li> <li>• Use community and stakeholder engagement to help shape priorities, identify how and who can deliver those priorities.</li> <li>• 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.</li> </ul>	<p><b>Resetting our Plan</b></p> <p>stakeholders and partners, and all Councillors and staff. 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.</p> <p><b>Our Delivery Plan</b></p> <p>Some of the principles that will undergo the approach to further work on the Delivery Plan are:</p> <ul style="list-style-type: none"> <li>• Longer term planning, not just immediate goals, and political-term thinking</li> <li>• 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, partners, and stakeholders</li> <li>• Identify and resolve inherent tensions between ambitions</li> <li>• Work will enable reset of values and behaviours of the organisation</li> <li>• Consider new ways of working to reflect current financial circumstances of both Councils</li> <li>• Ensuring we deliver the vision and priorities set out in Our Plan for Babergh and the Mid Suffolk Plan, in particular as set out in 'Our Approach' to both plans</li> </ul> <p>Across both plans we seek to harness the strengths of others (community groups and partners), focusing on convening services for our places and co-designing, co-creating, and co-delivering.</p>

Actions captured in 2022/23	Outcomes achieved during 2023/24
<ul style="list-style-type: none"> <li>• Identify and resolve inherent tensions between ambitions.</li> <li>• Work will enable reset of values and behaviours and connect to budget consultation.</li> </ul> <p><b>The new corporate plan will set out:</b></p> <ul style="list-style-type: none"> <li>• What is distinctive about Babergh and Mid Suffolk</li> <li>• Ensure the plan is relevant and meaningful, whilst ensuring simplicity to the plan</li> <li>• Our joint councils’ vision and mission</li> <li>• Our strategic principles and missions</li> <li>• How we nurture diversity of our places &amp; people ensuring we adapt to the needs of our rural and urban communities.</li> <li>• Our ways of working</li> <li>• Harnessing the strengths of others (community groups &amp; partners), focusing on convening services for our places and co-designing, co-creating and co-delivering.</li> <li>• 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.</li> <li>• How we will know if our plans are working – high level targets for 2031.</li> <li>• We will go about this through engagement with our Councillors, all staff, stakeholders and partners and residents, businesses and visitors.</li> </ul> <p><b>What will be the outcomes of this work?</b></p> <p>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.</p>	<p>Our revised outcomes and KPIs will demonstrate progress against the Delivery Plan, in the form of an Annual Delivery Plan.</p> <p>And we will review our strategies and plans to ensure they are aligned with the plans and associated Action Plans, the Delivery Plan, outcomes and performance reporting, to ensure that a clear golden thread can be seen through the organisation from priorities of the Councils through to our actions on a daily basis to deliver these for our communities.</p>

Actions captured in 2022/23	Outcomes achieved during 2023/24
<p><b>Local Elections</b></p> <p>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.</p>	<p><b>Councillor Development</b></p> <p>The Councillor Development Working Group continues to plan and shape the training programme for all Members. An extremely successful induction plan was carried out in 2023 with 100% positive feedback received from councillors. The Councils were shortlisted in the LGC awards for the innovative approach taken. The training plan in 2024/25 will focus on deepening councillors knowledge around the committees and governance arrangements of the council. A detailed training programme for each committee is being formulated and will be rolled out across the next municipal year. Regular member briefings on a wide range of topics are also being planned and will be rolled out on a regular basis across the year. Further Cabinet training and development for both councils is being supported by the LGA for this municipal year.</p>
<p><b>Building Services Transformation and Improvement Programme</b></p> <p>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.</p> <p>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.</p>	<p><b>Building Services Transformation and Improvement Programme update</b></p> <p>We began our in-depth review in 2019. As part of this, two experienced specialists, working alongside our own officers, reviewed several key areas and assessed our compliance with regulatory standards. This resulted in us self-referring to the Regulator of Social Housing. Our current position is good, and the Regulator is pleased with our progress regarding our Health and Safety obligations. However, we are still developing our damp and mold model; as such, we are continuing to meet with the Regulator every month.</p> <p>Our in-depth review resulted in a transformation programme, which identified the road to excellence for the following areas in Building Services.</p> <ul style="list-style-type: none"> <li>Compliance</li> <li>Asset and Investments</li> <li>Repairs</li> </ul>

Actions captured in 2022/23	Outcomes achieved during 2023/24
<p>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.</p> <p>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 it is 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.</p> <p>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 restructuring proposal has been presented to our Transformation Board and following a small number of changes, the final version will be presented in mid-July.</p> <p>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 obliged to refer ourselves to the regulator, which is not unusual, particularly with local authorities new to this housing regulation.</p>	<p>We have completed our compliance restructure and are reviewing the policies and procedures. Our asset and investment restructuring is ongoing and should be completed by September 2024.</p> <p>Our transformation programme for building services is an ongoing journey. We have developed a business plan that has been unanimously agreed upon. The consultations with team members and unions have been successfully completed. We are currently in a brief period of reflection before embarking on the process of restructuring the teams to better meet the service needs, leading to enhanced tenant experience and cost savings. This ongoing nature of our transformation ensures that all stakeholders are part of the process and can contribute to its success.</p> <p>Part of our transformation concerns systems and contracts. The teams are developing fit-for-purpose contracts and implementing a Job Management system.</p> <p>Our commitment to excellence and tenant satisfaction is unwavering. We have implemented a new Governance process to ensure that both Members and tenants are kept informed of our progress and can contribute to service development. We are not just navigating Building Services through these challenges but are dedicated to transforming it into an outstanding service for tenants in the future. This commitment underscores our respect for our stakeholders and our determination to provide the best service possible.</p> <p>It should be noted that there have been significant and welcome changes in the way social housing is regulated in the last three years. All councils have been brought in line with other Registered Providers to adhere to the regulator's requirements and processes. If we are not 100% compliant, we must refer ourselves to the regulator, which is not unusual, particularly with local authorities new to this housing regulation.</p>

Actions captured in 2022/23	Outcomes achieved during 2023/24
<p><b>Peer Review</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p><b>Peer Review</b></p> <p>In March 2022, the LGA CPC Review team reviewed the Councils and identified that we are well run and deliver good core services to our residents. They described 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.” This has recently been reflected in being awarded UK Council of the Year at the iESE Public Sector Transformation Awards.</p> <p>The CPC Review team made a follow-up visit in January 2023, where they reported substantial progress against their recommendations. 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. The Councils have continued to ensure the recommendations made by the Peer Review team have been progressed and reviewed on a regular basis with the Senior Leadership Team.</p> <p>Remaining recommendations still to be fully implemented including resetting the corporate plan, mapping strategies to the corporate plan, prioritisation of projects and programmes, developing a place-based approach and a Members Charter. Work has progressed in all of these recommendations.</p>



Actions captured in 2022/23	Outcomes achieved during 2023/24
<p>neighbourhoods.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The Peer team raised a number of observations and suggestions resulting in 10 recommendations. In response to the</p>	

Actions captured in 2022/23	Outcomes achieved during 2023/24
<p>recommendations, we have developed an action plan showing how we intend to take these recommendations forward.</p> <p>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.</p> <p><b>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.</b></p>	
<p><b>Social Value</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p><b>Social Value</b></p> <p>The Councils are intent on demonstrating Social Value.</p> <p>A draft policy to support the delivery of the Councils’ refreshed priorities is in development. This focuses on demonstrating Social Value in Procurement, but also how we demonstrate Social Value within the delivery of the Councils’ priorities. A new Head of Commissioning and Procurement Post has been appointed to drive the work to embed Social Value within the Councils’ externally purchased contracts.</p> <p>A draft Social Value Policy to support delivery of the Councils’ refreshed priorities and associated strategies will be presented to SLT and will then be considered for adoption by Cabinets. 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.</p> <p>Our Standing Orders, procurement templates and guidance will be revised to implement the Social Value policy.</p>

Actions captured in 2022/23	Outcomes achieved during 2023/24
<p>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.</p> <p>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.</p>	<p>A task and finish group will be set up to ensure the effective implementation of the Social Value policy and to support the cultural change internally to embed Social Value at the forefront of all activity. The task and finish group will report to SLT on a regular basis to ensure that the SLT have oversight and provide support to embed Social Value in the activities of their directorate.</p> <p>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) to ensure we achieve meaningful Social Value across all our services. Progress to implement Social Value within the Councils' contracts will be tracked within the Commissioning &amp; Procurement performance monitoring.</p> <p>A Social Value Statement will be published on an annual basis to outline the progress of the Councils' Social Value journey and the key actions to be prioritised.</p> <p>The Councils are committed to using Social Value to maximise the economic, social, and environmental benefits to our communities of every pound spent on delivering the Councils' priorities.</p>

## 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.



**Cllr Deborah Saw**  
Leader of Babergh  
District Council

A handwritten signature in blue ink that reads "Deborah M. Saw".

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Signature

.....  
29th August 2024

.....  
Date



**Cllr Andrew Mellen**  
Leader of Mid Suffolk  
District Council

A handwritten signature in blue ink that reads "Andrew Mellen".

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Signature

.....  
29th August 2024

.....  
Date



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

A handwritten signature in blue ink that reads "Arthur Charvonja".

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Signature

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29th August 2024

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Date