

Annual Governance Statement 2023/24

Contents

Section	Page
Introduction and the Purpose of the Governance Framework	3
Scope of Responsibility	4
Derbyshire County Council's Governance Framework and Structure	5
The Annual Governance Statement 2023-24	7
The Effectiveness of the Council's Governance Arrangements	11
The Annual Governance Statement & Opinion	22
Action Plan	23

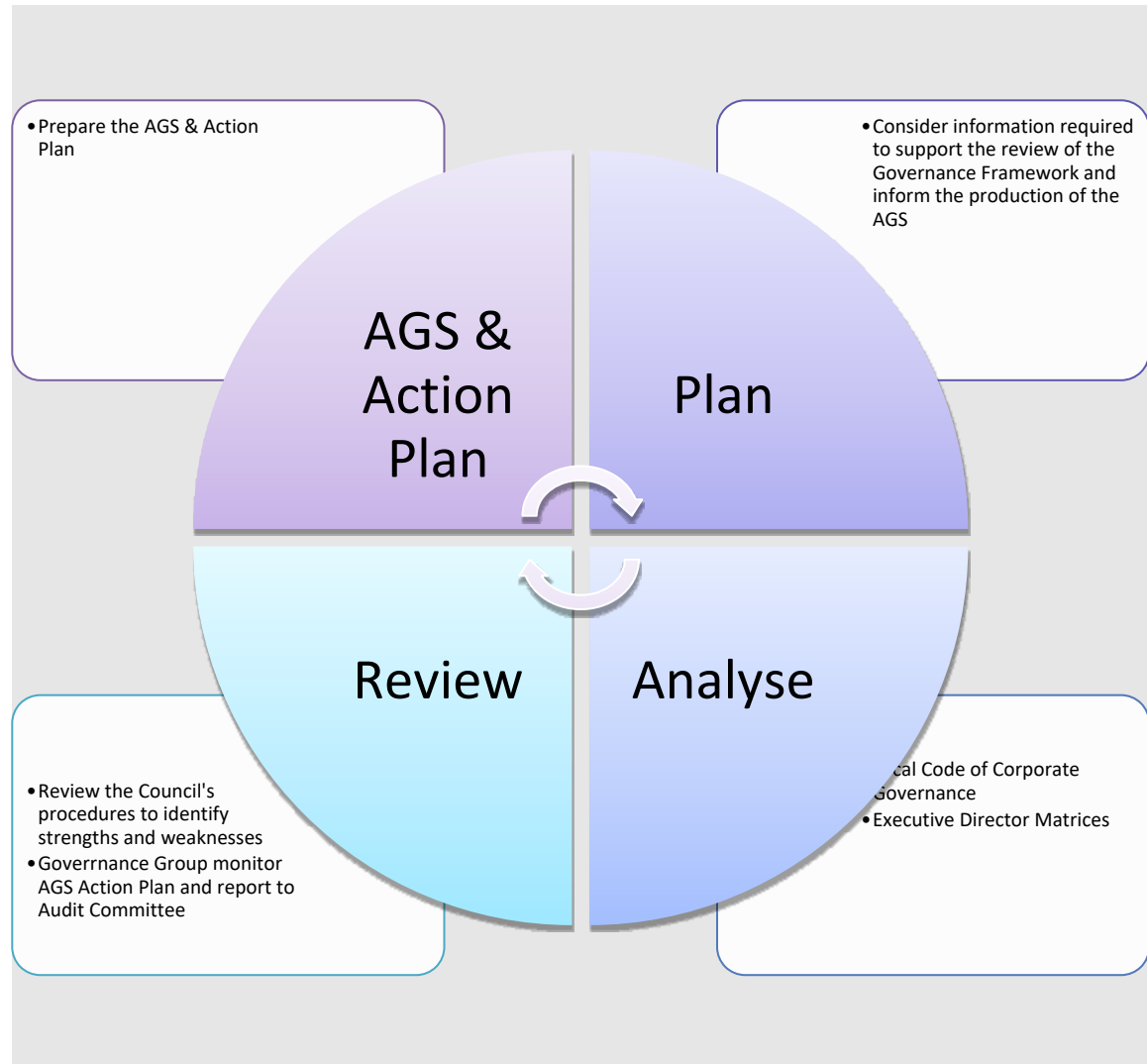
Introduction and the Purpose of the Governance Framework

Defining Corporate Governance

Corporate governance includes the systems, processes, and values by which councils operate and through which they engage with, and are held accountable to, their communities and stakeholders. Good corporate governance underpins credibility and confidence in public services.

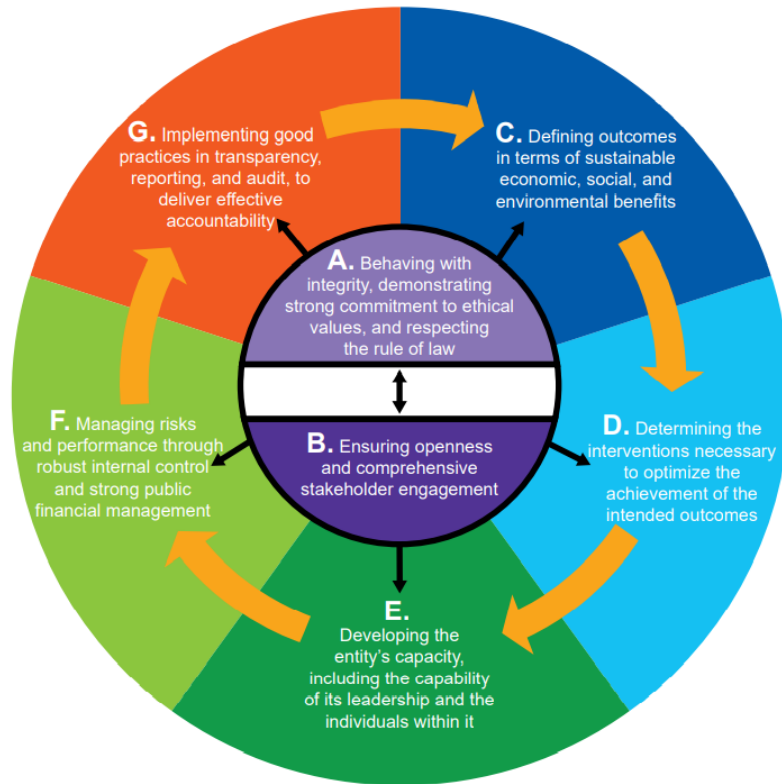
Derbyshire County Council is committed to effective corporate governance and has prepared the Annual Governance Statement by: -

- Reviewing the Council's Governance Arrangements against the CIPFA / SOLACE Delivering Good Governance in Local Government Framework;
- Assessed the effectiveness of the Governance Arrangements against the Local Code of Corporate Governance;
- Obtaining Executive Director Assurance Matrices;
- Considering the impact of External Assessments; and
- Monitoring the progress against the recommendations in the 2022-23 AGS Action Plan.



ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility



Source: International Framework: Good Governance in the Public Sector (CIPFA)

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised and is responsible for ensuring that its business is conducted in accordance with the law and relevant standards, that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. The Council has developed an approach to corporate governance to ensure that it is consistent with the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and demonstrates its commitment to corporate governance as “good corporate governance underpins credibility and confidence in our public services”.

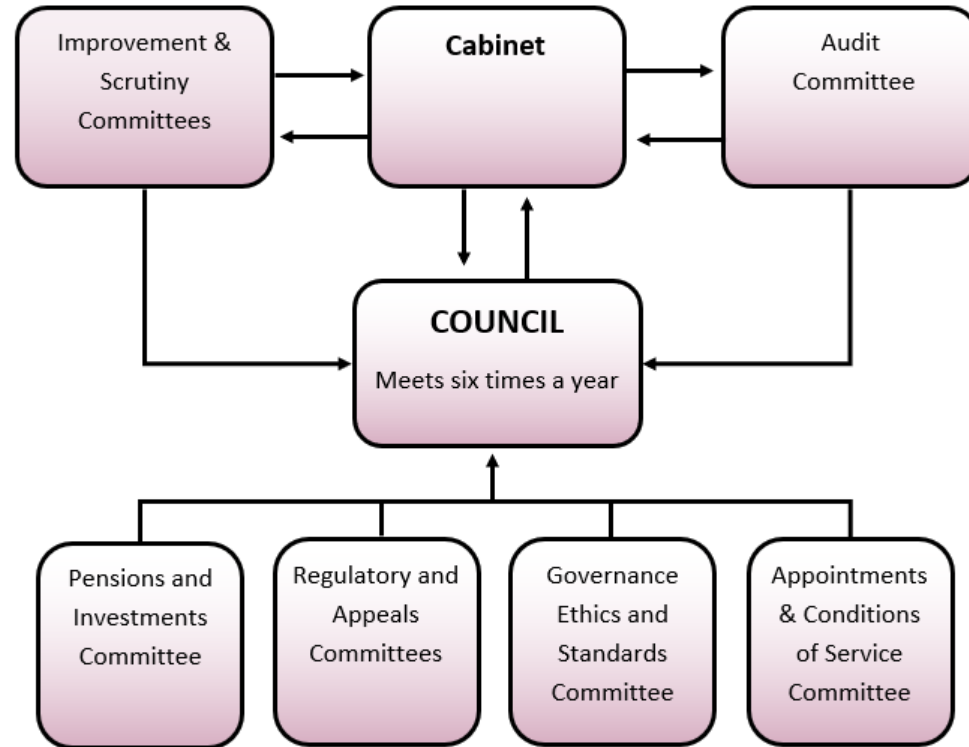
This Statement explains how the Council demonstrates compliance with the Framework whilst meeting the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

ANNUAL GOVERNANCE STATEMENT

Derbyshire County Council's Governance Framework and Structure

The governance framework comprises the systems, processes, and values by which the Council is directed and controlled and the activities through which it accounts to, engages with, and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically. The governance framework has been in place at the County Council for the year ended 31 March 2024 and up to the date of the Statement of Accounts being certified by the Director of Finance.



ANNUAL GOVERNANCE STATEMENT

Council

- 64 Elected Members who are democratically accountable to residents of their electoral division
- Members follow a Code of Conduct to ensure high standards in the way they undertake their duties
- Meetings are generally open for the public to attend except where exempt or confidential matters are being discussed
- Decides the policy framework and sets the budget each year and major plans

Cabinet

- Consists of the Leader of the Council and eight Cabinet Members
- Responsible for guiding the Council in the formulation of its corporate plan of objectives and key priorities
- Has executive responsibility for the implementation of the Council's key goals and objectives

Governance, Ethics and Standards Committee

- Promotes and maintains high standards
- Assists Members in observing the Code of Conduct
- Advises the Council on matters relating to the Code
- Receives regular reports on corporate complaints
- Advises on amendments to the Constitution

Appointments & Conditions of Service Committee

- Approves corporate employment policies
- Determines terms and conditions of service
- Specific role in the appointment and disciplinary procedure for certain senior officers

Improvement and Scrutiny Committees

- Five Committees which support the work of the Cabinet and the Council as a whole
- Allow citizens to have a greater say in Council matters by holding inquiries in public into matters of local concern
- Lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery, and other public bodies
- Monitor the decisions of the Cabinet
- They can 'call-in' a decision which has been made by the Executive but not yet implemented

Audit Committee

- Independently contributes to the Council's process of ensuring internal control systems are maintained
- Responsible for approving and monitoring progress of the annual Audit Plan
- Considers matters referred to the Committee by the Council's external auditor
- Approves the Annual Statement of Accounts and the Annual Governance Statement

ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement 2023/24

Departmental Representatives attend the Governance Group and progress has been made to address the areas for improvement identified in the 2022/23 action plan. Where items have not been completed the Group seeks to assure itself that there is a plan to do so.

The Group has reviewed its terms of reference and has defined its role in ensuring good governance across the council, the Executive Director of Corporate Services and Transformation has continued to chair the meetings throughout 2023/24

During the year the Local Code of Corporate Governance has been reviewed and approved by Audit Committee and lessons learnt from other public bodies and public interest reports have been considered. In addition, the council's constitution continues to be kept under review and is updated, as and when required, to strengthen the robustness and integrity of the governance framework.

The main changes in 2023-24 include:

- Code of Conduct for Officers reviewed, and approval of Council given to remove from the Constitution.
- An updated Code of Conduct for Members.
- Amended list of Budget and Policy Framework policies and strategies.
- Minor amendments to the Petition Scheme.
- Minor amendments to the terms of reference of Audit Committee to include 2 independent co-opted members.
- Members Allowances Scheme for 2024/25 approved.

A review of the Scheme of Delegation also commenced during 2023/24. In addition, the Improvement and Scrutiny Procedure Rules, were reviewed considering the statutory guidance and guidance issued by the Centre of Governance and Public Scrutiny; however, following an update to the statutory guidance, a further review will be carried out prior to consideration of amendments by Governance Ethics and Standards Committee and full Council.

The Council works with the Local Government and Social Care Ombudsman (LGSCO) to respond promptly and effectively to recommendations identifying areas for improvement. The Annual Review Letter of the Local Government & Social Care Ombudsman 2022-23, which was reported to Cabinet on 19 October 2023 and Governance Ethics and Standards Committee

ANNUAL GOVERNANCE STATEMENT

on 26 October 2023, confirmed the Council complied with all the recommended remedies giving a compliance rate of 100%. Of the 97 complaints made, 20 were upheld but, there were no findings of maladministration. In 2023-24 there were 107 complaints made to the LGSCO, The LGSCO issued 80 decisions relating to complaints in 2023-24, of these 45 were upheld but, there were no findings of maladministration. To date the Council has already complied with all the recommended remedies or actions are in progress.

The internal audit annual opinion is a crucial element of the governance and assurance framework within the public sector. It represents the conclusion reached by the Chief Audit Executive (CAE) regarding the adequacy and effectiveness of the organisation's risk management, control, and governance processes for the reporting period. This opinion is essential for providing assurance to senior management and other stakeholders about the organisation's control environment and its capacity to achieve its objectives. For 2023/24 the opinion is one of limited assurance which is reflective of the requirement to improve due to the significant risks being faced by the organisation to achieve its objectives.

The council continues to monitor the views of employees through the employee survey and is developing wellbeing and engagement strategies to support our employees. However, as was noted in this statement last year, there remains pressures in terms of staffing levels and recruitment to certain jobs and roles. To a large extent this is a function of a national shortage of skilled workforce supply which is proving to be a challenge for some services and functions. The consequence of this workforce pressure will increase the strain on front line services and the council's financial position.

The Statement of Accounts for 2022-23 were signed in May 2024, as explained in last year's Annual Governance Statement the delay was caused by a variety of complex technical factors.

The Council continues to face a challenging economic environment. The impact events such as the pandemic and the Russian invasion of Ukraine have led to disruption in global supply chains and inflationary pressures not seen for over twenty years. Whilst current forecasts are for inflation to ease over the course of the next year, the impact on the council's finances over the past two years has been severe. Inflationary pressures and workforce shortages have pushed up the cost of services we provide. In addition to these cost pressures there has been a material increase in the demand for some council services, particularly those related to children's care. Should these pressures not abate and costs for service provision stabilise the council will face a significant financial challenge in the short to medium term. The medium-term Financial Strategy will be refreshed during the coming year to coincide with production of the new Council plan, but to achieve financial stability the council must move away from reliance upon the of reserves to supplement its funding for day-to-day spending.

ANNUAL GOVERNANCE STATEMENT

During 2023-24 the Council was unable to deliver a number of savings proposals. In the immediate short term, over the course of the 2024-25 financial year, the Council must deliver savings and efficiency measures of £40m. The budget preparation was undertaken through extensive engagement with all departments, and ongoing review and scrutiny of draft budget pressure bids and potential savings proposals by the Managing Director, Director of Finance and Lead Members. Improvements were made to the budget setting process in 2024/25 with budget savings and efficiency proposals being reported to Improvement and Scrutiny Committee, Resources for comment prior to consideration by Cabinet, increasing transparency and enabling budget savings to be reviewed comprehensively before budget decision-making processes commenced.

In addition, governance processes over the delivery of the agreed measures have been improved with the introduction of the Programme Management Office to monitor and report on progress against the targets set. However, there remains significant risks to the council's finances and, as a consequence, delivery of services if the level of savings is not achieved and the council does not operate within its approved budget.

A further new measure to improve assurance for delivery of budget and budget savings was implemented with Executive Directors within the council all being required to agree budget responsibility memos which make clear their accountability for delivering services within their approved budgets.

Embedded within the Digital Strategy, Cloud Technical Infrastructure Strategy, and Digital Services Structure Strategy (ICT Strategy, Target Operating Model and Implementation Plan) are a series of essential deliverables aimed at fortifying our organisational framework. These encompass comprehensive reviews of internal processes to ensure optimal efficiency, a steadfast commitment to adhering to architectural principles for enhanced system robustness, proactive measures towards reducing technical debt to streamline operations, and a pivotal shift towards cloud adoption / integration. The strategic intention to migrate to cloud-based infrastructure will not only modernise our Digital landscape but also significantly bolster our cyber security resilience, positioning us advantageously in safeguarding against emerging threats and vulnerabilities.

The Corporate Peer Challenge follow-up visit in October 2021 reviewed the progress the Council had made against the recommendations identified by the original report in 2018 where it was considered that the Council's approach to governance was sound. This follow-up review identified a range of areas where the Council's approach is positive, many of which are fundamental to good governance including leadership, priorities and performance management, partnerships and financial

ANNUAL GOVERNANCE STATEMENT

management and decision making. Although generally positive, the review made three recommendations to ensure that the Council maintains its momentum and continues to improve. Whilst the Council considered that it was already making progress in these areas, it outlined and agreed the next steps to address the recommendations. Key actions identified to support recommendations were included in the refresh of the Council Plan which is monitored on a quarterly basis and an annual update on progress is also produced, with the next report to be reviewed by Corporate Management Team in July 2024.

The Council created 3 joint ventures with other organisations during 2020 to help deliver property services. In May 2020, PSP (Derbyshire) Limited was created to review, develop, and renew our property and land assets, subsequently changing its name to Develop Renew. In September 2020, Concertus Derbyshire Limited was created to provide design services for capital projects that the council delivers. At the same time Vertas Derbyshire Limited was created to provide caretaking and cleaning services to schools and the council's other buildings. In November 2020, Vertas also took over responsibility for the council's grounds maintenance service. The DCC Trading Committee has been established to ensure oversight of the JVs performance.

The Council continues to collaborate with neighbouring local authorities and partners in health and the police, to ensure we are best placed for local delivery of the Government's levelling up strategy. In November 2022 a devolution deal was signed by the four upper tier councils of Derbyshire County Council, Nottinghamshire County Council, Derby City Council and Nottingham City Council. Pursuant to this agreement, the East Midlands Combined County Authority was created in February 2024 and met for the first time in March 2024. The County continues to work with EMCCA through its formation and establishment.

Following the release of CIPFA's revised Audit Committees: Practical Guidance for Local Authorities and Police in October 2022, the Council's Audit Committee have undertaken a self-assessment exercise in good practice and has formally evaluated its own impact and effectiveness. These results identified a number of opportunities for potential development, including enhanced training on the roles of the Committee, introduction of independent members and an additional annual report to Council detailing the work completed and the Committee's performance. All development opportunities have now been formally reported and will be explored by both officers and committee members throughout 2024-25.

The Annual Governance Statement for 2023-24 follows a similar format to those published in previous years, aligned with the CIPFA/Solace Delivering Good Governance in Local Government Framework.

ANNUAL GOVERNANCE STATEMENT

The Effectiveness of the Council's Governance Arrangements

As part of this process, an assessment has been made of the council's performance against each of the seven core principles using the following criteria:-

Category	Definition
Strong	The governance framework is effective and fit for purpose, although some minor weaknesses and improvements may have been identified.
Good	Whilst the governance arrangements are generally effective, there are gaps within the framework which need to be addressed. Should these issues remain unaddressed, there is an increased risk that the Council may be exposed to reputational risk.
Review	Significant weaknesses have been identified in the governance arrangements which expose the Council to reputational risk.
Action	The governance arrangements are considered to be deficient as weaknesses have been identified in a number of key areas rendering the overall framework ineffective and leaving the Council open to a high risk of error/abuse and significant reputational risk/damage.

Arising from this assessment of governance arrangements an Action Plan has been developed and is attached. Detailed actions and dates for completion will be determined to address each area for improvement which will be reported to the Audit Committee who will, in turn, monitor progress.

The Annual Governance Statement summarises the findings of the review of the Council's existing governance arrangements.

The review examined the Council's position against the CIPFA/SOLACE Framework Delivering Good Governance in Local Government which defines the seven core principles, each supported by sub-principles which underpin the governance framework of the Council.

ANNUAL GOVERNANCE STATEMENT

What is working well and areas for improvement			
Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement
<p>Principle A</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<p>Review</p>	<ul style="list-style-type: none"> ➤ The Constitution sets out the roles of Cabinet, full Council, Committees, Executive Directors and Statutory Officers, alongside details of their decision-making powers; ➤ Codes of Conducts are in place for Members and officers. The Code of Conduct for Employees has been refreshed and updated and communicated in October 2023 to all colleagues. The Members' Code of Conduct was reviewed in 2023 by a working group set up by the Governance, Ethics and Standards Committee and a revised version approved by Council on 27 March 2024. ➤ A process for dealing with Members code of conduct complaints is embedded; ➤ There is an electronic process for officers to make declarations of gifts and hospitality, this data is then reported on a quarterly basis to departmental management teams. Continued officer awareness of the gifts and hospitality process is provided by departmental reps to ensure the online process is effectively embedded; ➤ Quarterly reminders are sent to Members by the Monitoring Officer to keep their register of interests up to date and report offers of gifts and hospitality; ➤ The Authority operates an Equality and Diversity Policy 2022-25, Whistleblowing Policy and Complaints Procedures. ➤ The Monitoring Officer is responsible for ensuring the lawfulness of decisions taken by Council, Cabinet, Committees and officers; ➤ The organisational engagement cycle encourages open and honest feedback from employees on a range of issues with an annual employee engagement survey in place. ➤ A process and timetable is in place for production of reports to ensure they are not presented to decision 	<ul style="list-style-type: none"> ➤ The Whistleblowing Policy was updated 2021-22 and is due to be reviewed in 2024. Further work is also required to complete and promote a Whistleblowing Referral Form and continue to ensure that the policy is communicated widely, understood and embedded; ➤ Employees and Members to be provided with formal ethical awareness training to embed high ethical standards, an understanding of ethical risks and ability to make decisions with integrity and confidence; ➤ The corporate complaints procedure requires reviewing ➤ The Anti-Money Laundering Policy is reviewed on an annual basis, and has been published on "our Derbyshire" but further internal communication and training needs to be developed; ➤ Training for the amended Financial Regulations and Standing Orders needs to be rolled out across the Council; ➤ Improved process for production of reports is required to ensure they are not presented to decision makers without being appropriately considered for legal and financial implications. ➤ Policies and procedures relating to conflicts of interest require review

CONTROLLED

ANNUAL GOVERNANCE STATEMENT

What is working well and areas for improvement			
Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement
		<p>makers without being appropriately considered for legal and financial implications</p> <ul style="list-style-type: none"> ➤ Financial Management Arrangements conform to the Financial Management Code; ➤ The Governance, Ethics and Standards Committee monitors and reviews the operation of the Constitution and has recommended a number of amendments during the year that have been agreed by Council; ➤ Role profiles have been agreed for Members; ➤ Clear channels of communication are in place for all sections of the community and stakeholders, including digital and social media, internal communications, publications and campaigns; ➤ The Council's Corporate Governance Group is chaired by the Executive Director of Corporate Services & Transformation and attended by representatives from each Department, Audit Services and the Section 151 and Monitoring Officers, as well as deputies for the statutory roles; ➤ The Council reviews how it best protects its vulnerable residents and seeks to take on board learning from all relevant reviews whether they are Derbyshire focussed or not; ➤ An online learning introduction to equality, diversity and inclusion was introduced in March 2023 for all current employees to complete and this is now part of the induction programme for all new starters. 	
<p>Principle B</p> <p>Ensuring openness and comprehensive</p>		<ul style="list-style-type: none"> ➤ The Assistant Director of Finance (Audit) produces an Annual Report which is considered by Audit Committee, highlights both significant areas of good practice and those where improvements can be made. This Report includes the annual internal audit opinion which concludes on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control; 	<ul style="list-style-type: none"> ➤ Work is underway to review and further develop the Council's approach to resident voice. As part of the organisation's Integrated Strategic Planning Cycle a consultation strategic framework, toolkit timetable of proposed corporate consultation activity for 2024- 25 aligned with strategic drivers for activity is being developed;

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ANNUAL GOVERNANCE STATEMENT

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stakeholder engagement		<ul style="list-style-type: none"> ➤ The Council engages with the citizens of Derbyshire and consults stakeholders as part of the decision-making process where appropriate. Revised reporting has assisted in consistently ensuring openness and consideration of stakeholder consultation. Citizens, trade unions and business ratepayers are all engaged when setting the budget. This consultation sits within the wider context of the annual Your Council, Your Voice Survey which measures resident satisfaction with Council services as well as identifying residents' priorities; ➤ The Council has reinstated its Parish and Town Council Liaison Forum with six monthly meetings in place. These have been highly successful with increased attendance, greater involvement of Council Services and opportunities to undertake networking across the sector; ➤ The Council undertakes a wider range of partnership and stakeholder activity to support the development of key programmes of work which enhance services, improve systems and increase investment into the county, examples of this include the development of the Devolution Deal for the East Midlands which has resulted in the region securing £38 million of funding each year for 30 years; ➤ An annual Employee engagement cycle is in place with annual employee survey and feedback on outcomes and progress against the organisation action plan; ➤ Decision making protocols are in place which include the use of Equality Impact Assessments; ➤ A Communications Strategy is in place; ➤ The Council's "Enterprising Council" Strategy and approach seeks to ensure services meet needs of users, utilising the best delivery vehicle in each circumstance; 	<ul style="list-style-type: none"> ➤ It is proposed that a redesign of the Partnership Protocol and Toolkit is undertaken. The approach will commence with a review of existing partnerships which will provide the baseline for the wider redesign of tools and create a clearer picture of current arrangements and a mechanism for on-going corporate oversight. ; ➤ Improve how the organisation interacts and delivers services with partners. This includes risks of particular partnerships on the County Council; ➤ A new streamlined process for Officer decisions to be published through Mod.gov. requires roll out and embedding; ➤ Improved engagement in the production and use of the Joint Strategic Needs Assessment:

ANNUAL GOVERNANCE STATEMENT

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		<ul style="list-style-type: none"> ➤ The Council has an online Committee Management System (mod.gov) to improve access to councillors, decision making and democracy; ➤ The Forward Plan of forthcoming key decisions to be considered by Cabinet and Cabinet members is embedded, published online and reported to CMT and Cabinet; ➤ The template report contains a specific paragraph heading to ensure consultation feedback, including comments from Improvement and Scrutiny Committee where they have carried out pre-decision scrutiny, is clear and transparent. 	
Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits	Good	<ul style="list-style-type: none"> ➤ The Council Plan 2022–2025 outlines the Authority’s strategy and vision, defining key priorities, values and intended outcomes; ➤ The Council Plan outlines the Council’s strategy and vision; ➤ Departmental and Service Plans are developed which are consistent with the overarching Council Plan and incorporate a range of performance measures; ➤ Progress against a range of targets is monitored. Performance against financial and performance targets is formally monitored on a quarterly basis within the Performance Monitoring and Budget Monitoring / Forecast Outturn Report; ➤ The Authority has in place an effective risk management framework which is consistent with the Corporate Risk Management Strategy 2021-25. A Strategic Risk Register is subject to regular review; ➤ Capital investment is structured and in line with the Investment Strategy; ➤ The Asset Management Strategy provides the vision and strategy for the alignment of assets with Council goals and objectives; ➤ Reporting templates prompt consideration of a longer-term view in the decision-making process, with more 	<ul style="list-style-type: none"> ➤ Further colleague training and support is required to ensure all associated risks have been fully explored and reflected within decision making proposals. Introduction of the PMO will bring consistent business case management and monitoring of benefits realisation. The use of detailed reporting templates has also facilitated a consistent approach to the consideration of potential implications. ➤ The Customer Charter requires review and increased awareness raising with colleagues and the public, aligned to the organisation’s wider complaints procedures and development of the customer experience strategy.

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ANNUAL GOVERNANCE STATEMENT

What is working well and areas for improvement			
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		<p>emphasis placed on measuring and monitoring outcomes as opposed to outputs. The templates also ensure that the decision maker is advised on the wider implications of the decision, including Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding;</p> <ul style="list-style-type: none"> ➤ A social value approach has been developed to assist in ensuring that the economic, environmental and social benefits are embedded, realised and captured consistently for Derbyshire when procuring services. The Sustainable Procurement Policy was approved by Cabinet in June 2022; ➤ A Climate Change Strategy and Action Plan are in place with specific and measurable targets. 	
<p>Principle D</p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	Review	<ul style="list-style-type: none"> ➤ Financial and Procurement Strategies are in place; ➤ The Council has Improvement and Scrutiny Committees in place; ➤ The People Strategy has been approved and implemented to ensure a consistent, council-wide approach for future investment in its workforce; ➤ The Council updates its Five-Year Financial Plan as part of the annual budget setting process, alongside a review of its reserves position; ➤ The Council undertakes Equality Impact Assessments to support decision making. Work is underway to develop an electronic portal to ensure these are collated and opportunities for sharing best practice exploited; ➤ Briefings between officers and Cabinet members are embedded to ensure information needs to support decision making are met; ➤ The People Strategy has been deployed with departmental people plans in place, and HR deliverable plans focused on key workforce priorities for action. 	<ul style="list-style-type: none"> ➤ The Council's new Digital Strategy, which describes the council's future approach to Digital, and the Cloud Technical Infrastructure Strategy, which defines the technical infrastructure necessary to deliver the Digital Strategy were completed and agreed by the council in the financial year. The Digital Services Structure Strategy (ICT Strategy, Target Operating Model and Implementation Plan) has been completed since the end of the financial year and agreed by the council. A Digital Transformation Programme is now being planned, to implement the changes described in the three strategies. ➤ The Council upgraded its Enterprise Resource Planning (ERP) system, SAP to S4, which in turn has mitigated technical infrastructure risk. ➤ Following risk mitigation work on its technical infrastructure as the strategies were compiled (above), the Council received a PSN Connection Compliance Certification from the Cabinet Office on 4 Mar 2024, for the first time since Jan 2021. The Council is working to

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ANNUAL GOVERNANCE STATEMENT

What is working well and areas for improvement			
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			<p>develop a more proactive approach to the use of collective intelligence to guide decision making, rather than data. This is expected to be achieved through the development of cloud, SAP S4/HANA, other software, roles and use of intelligence during 2024;</p> <ul style="list-style-type: none"> ➤ Where departments have unachieved savings, alternative initiatives need to be developed to ensure the Council continues to achieve a balanced budget; ➤ Improvements to be made to align budget and Council plan development; ➤ The Executive/Scrutiny Protocol has been agreed in principle but requires formal approval; ➤ Improvement needed in the oversight of joint venture companies to ensure the risks to the Council are managed and the Council's interests are protected.
<p>Principle E</p> <p>Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p>Review</p>	<ul style="list-style-type: none"> ➤ Members and officers work together to deliver a common purpose with clearly defined functions and roles; ➤ The arrangements for Member training and development are in place, with steps being taken to determine the future approach to the Member Development Working Group; ➤ Induction policies, procedures and programmes are in place to support newly elected Members and employees; ➤ Employee development is supported through the provision of generic and specific learning interventions, including initiatives on DLO and supporting the maintenance of professional standards and qualification training. Improved awareness and utilisation of key talent pipelines, including apprenticeships, have been deployed, alongside the successful development and deployment of a graduate development scheme. ➤ The approach to engaging, informing and developing leaders has been deployed with the Shaping the Future 	<ul style="list-style-type: none"> ➤ Work is required to fully embed the new PDR process and ensure all employees are provided with this opportunity. Development of a technological solution is needed to monitor completion rates and support the wider roll out of the PDR process across the Organisation however the process is deployed to all colleagues; ➤ Recruitment and retention issues remains prevalent across the organisation, with work progressing to outline options available to the organisation aligned to total reward; ➤ Whilst departmental people plans are in place aligned to the People Strategy, the organisation would benefit from a strategic workforce plan to support future talent provision and workforce changes; ➤ Detailed officer guidance on executive decision making and non-executive decision making is in place and published on mod.gov, however it has not been widely promoted. Further work is required to ensure it is embedded;

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ANNUAL GOVERNANCE STATEMENT

What is working well and areas for improvement			
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		<p>forum regularly held and the leadership forum recently re-launched;</p> <ul style="list-style-type: none"> ➤ Meetings attended by senior management from the individual departments held on a weekly basis. Shaping the Future Forums are attended by EDs, Directors and Assistant Directors on a quarterly basis and a Leadership Forums take place twice a year for all Grade 14 leaders and above. Executive directors and statutory officers attend weekly Corporate Management Team (CMT) meetings to bring the Council together as a whole. Attendees are party to the development of policy from an early stage. Cabinet meetings are held in conjunction with CMT on a monthly basis ➤ The Inspiring Leaders development programme has now launched phase 1 to circa 1200 leaders, with plans progressing to develop phase 2. Mandatory development programme for all line managers and leaders at G12+, which aims to develop the leadership behaviours needed to lead change and inspire our people and teams to high performance. The programme takes 5 months to complete and will be delivered through a top-down approach over 3 years; ➤ The Council has approved a revised employee performance management policy and is implementing the Performance and Development Review (PDR) across leadership cohorts, replacing the former MyPlan approach. Talent reviews have been held to consider the performance and potential of all leaders undertaking roles at grade 14 and above; ➤ Employees are able to access training in new technology and IT systems to ensure effective use of systems; 	<ul style="list-style-type: none"> ➤ Member training and development programmes require improvement. A previous self-assessment exercise highlighted areas of weakness in relation to training, support and engagement. ➤ A 'governance' training programme for officers covering Local Government Governance Basics; Decision Making basics; Report writing/Producing Effective reports, The Constitution, Understanding the Code of Conduct for Members and Member/Officer Relations, Political awareness, Contracts and Procurement; Anti-Fraud and Corruption and Whistleblowing is being developed to improve knowledge. ➤ The Scheme of delegation in the Constitution is currently being reviewed and will be published in 2025.

ANNUAL GOVERNANCE STATEMENT

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Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement
		<ul style="list-style-type: none"> ➤ The Constitution contains a clear statement of the roles and responsibilities of the Leader and Head of Paid Service; ➤ The Member and Officer Relationships Protocol in the Constitution sets out the different roles of Members and Officers. 	
<p>Principle F</p> <p>Managing risks and performance through robust internal control and strong public financial management</p>	<p>Review</p>	<ul style="list-style-type: none"> ➤ The Audit Committee operates in accordance with prescribed terms of reference. The Committee receives, approves and monitors the Audit Plans for internal and external audit; ➤ The Audit Committee monitors the effectiveness of the Authority's risk management arrangements. Executive directors attend the Committee to discuss key risk within their department; ➤ The effectiveness of the governance framework including the system of internal control is reviewed annually; ➤ Audit Services review the effectiveness of the Authority's internal controls; ➤ The Strategic Risk Register is subject to regular review; ➤ Horizon scanning activity is undertaken to identify new and emerging risks; ➤ The Council has been proactive in its approach to the data protection, information governance and dealing with data breaches which are continually monitored by the officer Groups; ➤ Embedded Financial Regulations and Standing Orders, Procurement policies and practices which are subject to periodic review by officers and the Audit Committee; ➤ The Council has a Medium-Term Financial Plan and Budget Monitoring policies in place, endorsed by the LGA's Corporate Peer Review; ➤ The Improvement and Scrutiny Committees scrutinise decisions made, or actions taken in connection with the discharge of any of the Council's functions; 	<ul style="list-style-type: none"> ➤ Cyber security threats require ongoing monitoring and development of appropriate responses. The need for a Cyber Security working group requires reviewed in light of the ICT Strategy, currently under development; ➤ There have been delays in revaluing property for insurance purposes; ➤ A Data Management Strategy has not yet been introduced. This will be developed during 2024-25; ➤ The follow-up report to the Corporate Peer Review recommended "Reviewing the financial plan to recognise the new financial environment as the Council emerges from the pandemic". The financial plan will be reviewed as part of budget setting 2025-26; ➤ Develop the process for lessons learnt from internal incidents and external Public Interest Reports; ➤ A small number of departmental financial assurance packs have not been submitted in accordance with agreed timescales; ➤ Financial reporting needs to be improved to detail the cost of services linking to activities and the performance of services; ➤ Improve and strengthen the Council's Business Continuity Planning Arrangements. ➤ Further embedding of Risk management Strategy required alongside further embedding and increased understanding of risk management at an operational level ➤ Reinforce the importance of Information Governance across the Council

ANNUAL GOVERNANCE STATEMENT

What is working well and areas for improvement			
Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement
		<ul style="list-style-type: none"> ➤ The standards of behaviour and conduct are detailed in the Member and Officer Relationships Protocol and Code of Conduct; ➤ Quarterly corporate performance and financial management reports are produced and presented to Cabinet. This supplements performance management arrangements operating within individual Departments; ➤ The Audit Charter formalises procedures including the independence of Internal Audit and unrestricted access to all Members, officers and documentation as appropriate; ➤ The value for money opinions from the ISA260 highlights strong financial management; ➤ The Council has a designated Data Protection Officer, who provides an annual report to CMT. 	<ul style="list-style-type: none"> ➤ Assurance is required over the quality of performance monitoring below divisional level
<p>Principle G</p> <p>Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	Review	<ul style="list-style-type: none"> ➤ The Constitution defines how the Council operates and the decision-making processes to ensure the Council is efficient, transparent and accountable to local people; ➤ Audit Committee Members have completed a review of their own effectiveness; ➤ The Audit Plan determines how Audit resources will be focused, allowing formation of an annual internal opinion on the Council's framework of governance, risk management and control; ➤ The Council's Audit function is subject to an external quality assessment; ➤ Assurance mapping has identified opportunities to leverage assurance on the control environment from third parties and regulatory bodies, permitting Internal Audit resources to be targeted on areas which add most value; ➤ Council, Departmental and Service Plans set out objectives and include performance targets; ➤ Council, Cabinet and Committee meetings are open to the public, unless exempt or confidential information is 	<ul style="list-style-type: none"> ➤ Continue to improve robust systems for property valuations building on the enhancements completed during recent years; ➤ An action plan is being developed to support and develop the Audit Committee's effectiveness; ➤ Embed the process to produce the AGS in a timely manner; ➤ Understanding and compliance with terms and conditions associated with grant funding, failure to adhere may result in the partial or full recovery of funding. ➤ Continue to action the recommendations of LGA Corporate Peer Review follow-up; ➤ Continue to develop systems and protocols to support and monitor partnership working. The initial focus has been to review the Partnership Protocol and approach as overall context for the work plan and future actions, including the creation of a comprehensive picture of all current partnership arrangements;

ANNUAL GOVERNANCE STATEMENT

What is working well and areas for improvement			
Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement
		<p>being considered, and minutes are published on the website to aid transparency;</p> <ul style="list-style-type: none"> ➤ Financial Statements are produced and published on a consistent and timely basis; ➤ Departmental Financial Schemes of Delegation supplement the Council's Financial Regulations and Standing Orders relating to Contracts; ➤ The Assistant Director of Finance (Audit) produces their Annual Report which is considered by Audit Committee and highlights both significant areas of good practice and those where improvements can be made; ➤ The Council routinely publishes data and meets requirements of Local Government Transparency Code; ➤ A Forward Plan of 'key decisions' is now embedded that looks to the future for a period longer than the statutory requirement; ➤ Resource has been made for an Internal Audit Service; and regular progress reports on audit findings are received by Audit Committee to provide assurance on the risk management, governance and internal control arrangements of the Council; ➤ The Monitoring Officer reports the Annual Review Letter of the Local Government and Social Care Ombudsman to Governance Ethics and Standards Committee and Cabinet on an annual basis. 	<ul style="list-style-type: none"> ➤ Continue to improve the governance arrangements with partnering organisations ➤ Continue to improve the governance arrangements across companies and organisations where the Council operates. ➤ Improvements in officer training required for Financial Regulations, Schemes of Delegation and associated policies given the high number of new employees joining the Council without local government experience. E-learning module to be rolled out following ongoing update of policies; ➤ A system to track the implementation of Audit recommendations was introduced in 2023-24. The system now needs to be embedded across the Council with all Departments engaging in the process. ➤ The Councils Financial Regulations and Schedule of financial delegation should be reviewed and updated ➤ The Councils Financial Regulations and Schedule of financial delegation should be reviewed and updated

ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement & Opinion

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit Committee and it is our opinion that the Council's corporate governance framework is generally fit for purpose and can be considered to be adequate. However, it is recognised that there are areas which could be improved, and the Council has a plan to address weaknesses and ensure continuous improvement of the system is in place.

We propose over the coming year to take steps to address those opportunities for improvement highlighted above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements which were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Councillor Barry Lewis
Leader of the Council

Date 3rd July 2024

For Derbyshire County Council



Emma Alexander
Managing Director

Date 3rd July 2024

ANNUAL GOVERNANCE STATEMENT

Action Plan - Areas for Improvement

Principle A	Area for Improvement	Agreed Action	Responsible Officer	Completion Date
Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	Work required to develop a Whistleblowing Referral Form and continue to ensure Whistleblowing Policy is communicated widely, understood and embedded. This is to be completed after review of Whistleblowing Policy.	Approve the referral form, publish on the website and ensure the policy is appropriately communicated across the organisation	Director of Legal & Democratic Services	Dec 24
	Employees and Members to be provided with formal ethical awareness training to embed high ethical standards, an understanding of ethical risks and ability to make decisions with integrity and confidence.	To be scheduled, learning request to be completed.	Director of People & Organisational Change	Mar 25
	The Anti-Fraud and Anti-Corruption Strategy, and Fraud Response Plan were updated in 2022/23. However, increased promotion is required to improve officer awareness	The Anti-Fraud and Anti-Corruption Strategy, and Fraud Response Plan were approved in February 2024	Assistant Director of Finance (Audit)	Dec 24

ANNUAL GOVERNANCE STATEMENT

The Anti-Money Laundering Policy is not widely publicised.	Develop internal communication and training	Director of Finance	Sep 24
Further training on the Member Code of Conduct	Refresher training focussing on scenarios and practical examples to be delivered.	Director of Legal & Democratic Services	Jul 24
Wider training for all employees in respect of Financial Regulations and Standing Orders.	Develop a training programme to ensure all employees understand Financial Regulations and Standing Orders	Director of Finance	Sep 24
Improve process for production of reports to ensure they are not presented to decision makers without being appropriately considered for legal and financial implications.	Democratic Services to return reports to report author where not appropriately considered for legal and financial implications. Directors to ensure reports are not dealt with outside of approved process/system	Director of Legal & Democratic Services/Directors	Ongoing
The corporate complaints procedure requires review	Undertake review of corporate complaints procedure	Director of People & Organisational Change	Dec 24
Policies and procedures relating to conflicts of interest require review	Approve and implement an Officers' Declaration of Interests Policy	Director of Legal & Democratic Services/Directors	Dec 24

ANNUAL GOVERNANCE STATEMENT

Principle B	Area for Improvement	Agreed Action	Responsible Officer	Completion Date
Ensuring openness and comprehensive stakeholder engagement	Work is underway to review and further develop the Councils approach to resident voice. This includes plans to improve the Council's current approach and develop a new consultation, engagement and involvement strategy by March 2024.	Develop a strategic framework document and timetable of proposed consultation activity for 2024- 25 aligned with strategic drivers	Director of People and Organisational Change	Sep 24
	Review of the Derbyshire Partnership Toolkit and development of systems and protocols to support and monitor partnership working. Improvement also required in how the organisation interacts and delivers services with partners. This includes risks of particular partnerships on the Council.	Redesign of the Partnership Protocol and Toolkit	Assistant Director Strategy and Policy	Mar 25
	A new streamlined process for Officer decisions to be published through Mod.gov. requires further development.	Roll out process to coincide with publication of the revised scheme of delegation	Director of Legal & Democratic Services	Mar 25

ANNUAL GOVERNANCE STATEMENT

<p>The calendar of dates for drafting reports, seeking advice and publication is not always followed and needs further promotion.</p>	<p>Promote the agenda management timetable at Departmental Team meetings.</p>	<p>Director of Legal & Democratic Services</p>	<p>Sep 24</p>
<p>Improved engagement in the production and use of the Joint Strategic Needs Assessment</p>	<p>The new approach to JSNA has been widely shared across the Council. The updated interim JSNA will be available in a Powerpoint from April 2024</p>	<p>Director of Public Health</p>	<p>Mar 25</p>

ANNUAL GOVERNANCE STATEMENT

Principle C	Area for Improvement	Agreed Action	Responsible Officer	Completion Date
Defining outcomes in terms of sustainable economic, social and environmental benefits	Further officer training and support is required in relation to the use of detailed reporting templates to ensure all associated risks have been fully explored and reflected within decision making proposals.	Deliver officer training and support to ensure appropriate detail is included in reports and decisions.	Director of Finance	Sep 24
	The Customer Charter requires review and increased awareness raising with colleagues and the public, aligned to the organisation's wider complaints procedures and development of the customer experience strategy	Review the Customer Charter	Director of People & Organisational Change	Mar 25

ANNUAL GOVERNANCE STATEMENT

Principle D	Area for Improvement	Agreed Action	Responsible Officer	Completion Date
	<p>The Council's new Digital Strategy, which describes the council's future approach to Digital, and the Cloud Technical Infrastructure Strategy, which defines the technical infrastructure necessary to deliver the Digital Strategy were completed and agreed by the council in 2023/24.</p> <p>The Digital Services Structure Strategy (ICT Strategy, Target Operating Model and Implementation Plan) has been completed since the end of 2023/24 and agreed by the council. A Digital Transformation Programme is now being planned, to implement the changes described in the three strategies.</p>	Implement Strategies	Director of Digital	Ongoing
	The Council could develop a more proactive approach to the use of collective intelligence to guide decision making, rather than data.	This is expected to be achieved through the development of cloud, SAP S4/HANA, other software, roles and use of intelligence.	Director of Finance / Director Digital	Ongoing

ANNUAL GOVERNANCE STATEMENT

Determining the interventions necessary to optimise the achievement of the intended outcomes	Where departments have unachieved savings, alternative initiatives need to be developed to ensure the Council continues to achieve a balanced budget;	Monitor through savings programme board and escalate where appropriate	Director of Finance	Ongoing throughout 24/25
	Improvements to be made to align budget and Council plan development.	Council plan and budget setting process were aligned as part of budget 2024/25. Further work required to ensure MTFS and Council plan fully aligned	Director of Finance	Ongoing through budget setting for 25/26
	The Executive/Scrutiny Protocol has been agreed in principle but requires formal approval.	Protocol drafted, awaiting approval	Director of Legal & Democratic Services	Aug 24
	Improve the oversight of joint venture companies to ensure the risks to the Council are managed and the Council's interests are protected.	Implement new Governance structure	Director of Property	Apr 24

ANNUAL GOVERNANCE STATEMENT

Principle E	Area for Improvement	Agreed Action	Responsible Officer	Completion Date
Developing the entity's capacity, including the capability of its leadership and the individuals within it	Recruitment and retention issues remain prevalent across the organisation, with work progressing to outline options available to the organisation aligned to total reward.	To be included in strategic planning process for April 2026 target implementation	Director of People & Organisational Change	Apr 26
	Whilst departmental people plans are in place aligned to the People Strategy, the organisation would benefit from a strategic workforce plan to support future talent provision and workforce changes.	Ongoing	Director of People & Organisational Change	Apr 25
	Detailed officer guidance on executive decision making and non-executive decision making is in place and published on mod.gov, however it has not been widely promoted. Further work is required to ensure it is embedded.	Promote guidance at Departmental Team meetings	Director of Legal & Democratic Services	Sep 24
	Member training and development programmes require improvement. A recent self-assessment exercise highlighted areas of weakness in relation to	Develop briefing note to take to the Chair of Member development working Group aligned to the new induction process in May 25.	Director of People & Organisational Change	Dec 24

ANNUAL GOVERNANCE STATEMENT

training, support and engagement.			
The Scheme of delegation in the Constitution requires review.	Continue to progress the review of the officer scheme of delegation.	Director of Legal & Democratic Services	Mar 25

ANNUAL GOVERNANCE STATEMENT

Principle F	Area for Improvement	Agreed Action	Responsible Officer	Completion Date
Managing risks and performance through robust internal control and strong public financial management	Cyber security threats will require ongoing monitoring and development of appropriate responses. The need for a Cyber Security working group requires review in light of the ICT Strategy, currently in implementation.	On going monitoring of threats by Cyber Security Group established.	Director of Digital	Ongoing
	There have been delays in revaluing property for insurance purposes	On going work to deliver valuations in line with insurance requirements	Assistant Director of Finance (Audit)	Jun 24
	A Data Management Strategy has not yet been introduced.	Data management working group established and will work to producing strategy	Director of Digital	Mar 25
	The follow-up report to the Corporate Peer Review recommended "Reviewing the financial plan to recognise the new financial environment as the Council emerges from the pandemic".	Review MTFS to align with new Council plan	Director of Finance	Dec 24
	Develop the process for lessons learnt from internal incidents and external Public Interest Reports	Create "library" of known incidents and share recommended best practice	Director of Finance	Ongoing

ANNUAL GOVERNANCE STATEMENT

<p>Further embedding of Risk Management Strategy required, alongside further embedding and increased understanding of risk management at an operational level. Frequency and quality of review of departmental risk registers has been highlighted as an area requiring improvement. Mitigation actions are not currently allocated to specific managers and do not have defined timescales for action.</p>	<p>Arrange training to build risk assessment and management knowledge</p>	<p>Director of Finance</p>	<p>Dec 24</p>
<p>Improve and strengthen the Council's Business Continuity Planning Arrangements.</p>	<p>Review BCG Terms of Reference, Priority Services and Corporate BC Plan</p>	<p>Director of People and Organisational Change</p>	<p>Mar 25</p>
<p>Departmental assurance packs to be submitted in accordance with agreed timescales.</p>	<p>Packs to be reviewed and completed by services</p>	<p>Director of Finance</p>	<p>Ongoing</p>
<p>Improve financial reporting, linking to service activity and performance</p>	<p>Improve financial processes and link to PMO</p>	<p>Director of Finance</p>	<p>Dec 24</p>
<p>Reinforce the importance of Information Governance across the Council</p>	<p>Improve information governance awareness across the Council</p>	<p>Director of Finance</p>	<p>Dec 24</p>

ANNUAL GOVERNANCE STATEMENT

	Review performance monitoring arrangements	Maintain and further develop the corporate performance management framework to promote a high performing culture, including: <ul style="list-style-type: none">- Review and development of new performance management framework (PMF) and outcomes framework aligned to the new council plan- Review of Apex (corporate performance management system) and procurement of corporate solution that meets requirements of integrated management of performance, risk and project management	Assistant Director Strategy and Policy	Mar 25
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ANNUAL GOVERNANCE STATEMENT

Principle G	Area for Improvement	Agreed Action	Responsible Officer	Completion Date
Implementing good practices in transparency, reporting and audit to deliver effective accountability	Continue to improve robust systems for property valuations building on the enhancements completed during recent years.	Regular liaison with Finance and audit colleagues, early agreement of revaluation schedules on an annual basis. Clear timetable for delivery of valuations.	Director of Corporate Property	Ongoing – annual process
	Implement the action plan to develop and support the Audit Committee’s effectiveness.	Appoint two independent members of the committee	Assistant Director of Finance (Audit)	Dec 24
	Embed the process to produce the AGS in a timely manner.	Revised timetable, including progress reviews has recently been approved by the Governance Group.	Director of Finance	Ongoing
	Strengthen the understanding of the legal basis for treating reports as exempt or confidential and introduce processes to ensure as much information is provided openly and transparently.	Promote the detailed officer guidance on executive and non-executive decision making (referred to above), which sets out the legal framework. Introduce a robust process to challenge reasons for exemption and promote openness and transparency	Director of Legal & Democratic Services	Dec 24

ANNUAL GOVERNANCE STATEMENT

Understanding and compliance with terms and conditions associated with grant funding, failure to adhere may result in the partial or full recovery of funding.	Work ongoing to improve central grants register and associated procedures. Awareness of grant funding requirements to be promoted.	Director of Finance	Dec 24
Continue to action the recommendations of LGA Corporate Peer Review follow-up;	Prepare final report on progress for Cabinet in July 2024.	Director of People & Organisational Change	Sep 24
A system to track the implementation of Audit recommendations was introduced in 2023-24. The system now needs to be embedded across the Council with all Departments engaging in the process	Ongoing monitoring of completion of the tracker	Nominated departmental leads	Mar 25
The Councils Financial Regulations and Schedule of financial delegation should be reviewed and updated	Review and update Financial Regulations and schedule of financial delegation	Director of Finance	Jun 24