

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE MEETING

2 February 2021

Report of the Director of Finance & ICT and Assistant Director of Finance (Audit)

LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT

1. Purpose of Report

To inform Members of arrangements relating to the Local Code of Corporate Governance and Annual Governance Statement including progress of the associated Action Plan.

2. Information & Analysis

At the meeting of the Audit Committee held on 24 November 2020 Members approved the Council's Statement of Accounts 2019-20 which included the Annual Governance Statement and Action Plan.

Regulation 6 of the Accounts and Audit Regulations 2015 requires a relevant body to "conduct a review of the effectiveness of the system of internal control" and "prepare an annual governance statement in accordance with proper practices". The Chartered Institute of Public Finance and Accountancy (Cipfa) and the Society of Local Authority Chief Executives (Solace) have produced a framework Delivering Good Governance in Local Government to promote good governance. This framework has been used to inform the production of the Council's Local Code of Corporate Governance and the Annual Governance Statement.

Members will recall that the Governance Group is established to conduct an ongoing review of key systems and processes operated within the Council to ensure that effective Corporate Governance is promoted and delivered. The Governance Group has a key role in the ongoing review and development of the Local Code of Corporate Governance and the Annual Governance Statement and Action Plan.

The Local Code of Corporate Governance is currently being finalised by the Governance Group and will be presented to the Audit Committee and published on the Council's website when complete. Progress against the Annual Governance Statement Action Plan based on comments received is shown at Appendix 1.

3. Legal Considerations

Regulation 6 of the Accounts & Audit Regulations 2015 requires the Council to produce an Annual Governance Statement.

4. Other Considerations

In preparing this report the relevance of the following factors has been considered: financial, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

5. Officers' Recommendation

That the Committee:

- consider the information provided in this Report regarding the production of the Local Code of Corporate Governance and Annual Governance Statement;
- note the progress against the Annual Governance Statement Action Plan.

Peter Handford
Director of Finance & ICT

Carl Hardman
Assistant Director of Finance (Audit)

ANNUAL GOVERNANCE STATEMENT

Action Plan – Summary of Areas for Improvement

Principle	Area for Improvement	Responsible Officer	Completion Date	Current Position/ Comments
Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	➤ The Council should continually review how it best protects its vulnerable residents and takes on board learning from all relevant reviews whether they are Derbyshire focussed or not, e.g. safeguarding reviews, governance reviews, national research into child sexual exploitation etc.	Service Director - Commissioning, Safeguarding & Performance	Ongoing	Annual review to be undertaken
	➤ Council Plan and Delivery Plan published but progress against delivery plan requires improvement.	Director of Organisation Development and Policy	March 2021	
	➤ The Council's Corporate Governance Group, chaired by the Head of Paid Service, would operate more effectively if its profile was raised, membership expanded and its activities better resourced. Such actions are underway.	Director of Finance & ICT	Ongoing	Communication strategy by March 2021 to ensure governance is understood and acted upon
	➤ The Employee Code of Conduct was last updated in 2015. The requirements of the Code should be reflected in other policies and not be seen in isolation.	Director of Organisation Development and Policy	December 2021	
	➤ Officers' declarations of interests and gifts and hospitality are not consistently made and recorded.	Director of Legal and Democratic Services	June 2021	Officer group established
	➤ The Whistleblowing The Confidential Reporting Code will be reviewed and communicated more widely.	Director of Legal and Democratic Services	December 2020	Review in progress
	➤ Embed ethical standards following receipt of recent report from the Committee on Standards in Public Life.	Director of Legal and Democratic Services	January 2021	In progress

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	➤ The Anti-Fraud arrangements could be more widely communicated and supported by training.	Director of Finance & ICT	Communication Plan by March 2021 Training by December 2021	Ongoing
	➤ Review of the Derbyshire Partnership Toolkit should be completed.	Director of Organisation Development and Policy	June 2021	
Principle B Ensuring openness and comprehensive stakeholder engagement	➤ More active use of parish/town councils and community groups could be considered.	Assistant Director - Resources and Improvement	February 2021	On target
	➤ Partnership working arrangements are redesigned using the Thriving Communities approach to create strategic partnership engagement to deliver shared outcomes.	Director of Organisation Development and Policy	September 2021	
Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits	➤ Ensure that decisions are taken with regard to, or based on the longer term view.	Director of Legal and Democratic Services	June 2021	
	➤ More emphasis could be placed on measuring and monitoring longer term outcomes as opposed to outputs.	Director of Legal and Democratic Services	June 2021	
	➤ Ensure key equipment and processes to support business continuity planning are effectively maintained.	Director of Organisation Development and Policy	Ongoing	
	➤ A social value approach is in place. The Council should continue to develop and embed social value to ensure that the economic, environmental and social benefits are realised for Derbyshire when procuring	Director of Finance & ICT	June 2021	Approach is under development. Subject to its agreement

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	services.			benefits will be captured consistently
	➤ Need to develop a comprehensive Asset Management Strategy.	Assistant Director – Resources and Improvement working with Directors of Highways, Property and Finance & ICT	December 2020	Information gathered and officer meeting arranged
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	➤ Development of consistent and effective business cases.	Director of Finance & ICT	May 2021	Part of Project Management Office development
	➤ The Council could develop a more proactive approach to the use of collective intelligence to guide decision making, rather than data.	Director of Finance & ICT	March 2022	Development of Cloud, SAP HANA, other software, roles and use of intelligence
	➤ Revised Strategy in relation to HR is in place which will be useful to ensure consistent council wide approach and guide future investment in skills. This needs to be fully embedded.	Director of Organisation Development and Policy	April 2021	
	➤ Development of a robust post implementation review process for major projects.	Assistant Director – Resources and Improvement	February 2021	On target
	➤ Review of officer scheme of delegation to optimise achievement of outcomes.	Director of Legal and Democratic Services	June 2021	

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Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it	➤ Whilst there are areas of good practice relating to staff inductions and MyPlans there are opportunities to develop these processes.	Director of Organisation Development and Policy	April 2021	
	➤ Workforce planning, succession planning, mentoring leadership training and management development is not formalised and monitored within the Council. It is inconsistent with no Council wide approach in place.	Director of Organisation Development and Policy	Proposals by March 2021	
	➤ Consistent training of new staff in the IT systems they are expected to use, alongside refresher training for existing staff to ensure effective use of systems.	Director of Finance & ICT	December 2021	Develop as part of ICT restructure and new systems
Principle F Managing risks and performance through robust internal control and strong public financial management	➤ Data Protection arrangements will require continual monitoring and review to ensure compliance with the General Data Protection Regulation.	Data Protection Officer	Ongoing	
	➤ Cyber security threats will require ongoing monitoring and development of appropriate responses which is a key work stream for the cyber security working group.	Director of Finance & ICT	Ongoing	Cyber Security Group to be established by April 2021
	➤ The APEX performance system requires further development to utilise it to its full capacity to integrate performance and financial reporting.	Director of Organisation Development and Policy	March 2021	
Principle G 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.	Director of Property	Ongoing	
	➤ Continue to action the recommendations of LGA Peer Review to aid future improvement.	Director of Organisation Development and Policy	May 2021	
	➤ Continue to review the Constitution to ensure it remains fit for purpose to deliver effective	Director of Legal and Democratic	Ongoing	Governance Ethics and

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	accountability.	Services		Standards Committee has agreed a number of amendments to be considered by full Council in February 2021
	➤ Develop systems and protocols to support and monitor partnership working.	Director of Organisation Development and Policy	June 2021	