



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

20 July 2021

Report of the Director of Finance & ICT

Annual Governance Statement and System of Internal Control

1. Purpose

- 1.1 To inform Members of progress on the review of the County Council's compliance with Best Practice requirements in respect of the annual review of the system of internal control and the production of the Draft Annual Governance Statement (AGS).
- 1.2 To request that Members consider the Draft Annual Governance Statement and recommend its inclusion in the Council's Statement of Accounts for 2020-21.

2. Information and Analysis

- 2.1 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". CIPFA/Solace have produced a framework Delivering Good Governance in Local Government which is supplemented by an Application Note specifically developed to advise on CIPFA's Statement on the Role of the Chief Financial Officer.
- 2.2 The CIPFA/Solace framework outlines the approach which should be taken to review existing governance arrangements and produce an Annual Governance Statement. The Draft Annual Governance Statement for 2020-21 is attached as Appendix 2 to this report.

2.3 Members will recall that a Governance Group is established to conduct an ongoing review of key systems and processes operated within the County Council to ensure that they deliver effective Corporate Governance. This is undertaken utilising an objective assessment process prescribed by the CIPFA/Solace Framework, which provides a checklist of best practice standards against which compliance can be assessed.

2.4 The Annual Governance Statement once approved will be included in the Council's Pre Audit Statement of Accounts for 2020-21.

3. Alternative Options Considered

3.1 Not applicable – the Council is required to produce an Annual Governance Statement under Regulation 6 of the Accounts and Audit Regulations 2015.

4. Implications

4.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

5. Consultation

5.1 None.

6. Background Papers

6.1 None

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Annual Governance Statement.

8. Recommendation(s)

That Audit Committee:

- a) consider the information provided in this report as evidence of the Authority's effective compliance with the statutory requirement to produce an Annual Governance Statement and recommend it for inclusion in the Council's Statement of Accounts 2020-21.

9. Reasons for Recommendation(s)

- 9.1 The Council is required to produce an Annual Governance Statement (AGS) as set out in the Accounts and Audit Regulations 2015. The AGS will subsequently be included in the Council's Statement of Accounts.

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This report has been approved by the following officers:

<p>On behalf of:</p> <p>Director of Legal Services and Monitoring Officer Director of Finance and ICT Managing Executive Director Executive Director(s)</p>	
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Implications

Financial

1.1 None.

Legal

2.1 The Council is required to produce an Annual Governance Statement as set out in the Accounts and Audit Regulations 2015.

2.2 The CIPFA Practical Guidance for Local Authorities and Police sets out a suggested terms of reference for Audit Committees which included the following:

“To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit’s opinion on the overall adequacy and effectiveness of the council’s framework of governance, risk management and control.”

2.3 The Constitution makes it clear that the Audit Committee is responsible for considering the Annual Governance Statement and monitoring any necessary actions.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 Not applicable.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.



Annual Governance Statement 2020/21

History			
Version	Date	Detail	Author
1.1	04/06/2021	First Draft	Audit Services
1.2	16/06/2021	Second Draft – Align to Performance	Audit Services
1.3	05/07/2021	Third Draft – Update from Director of Finance & ICT	Audit Services

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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.

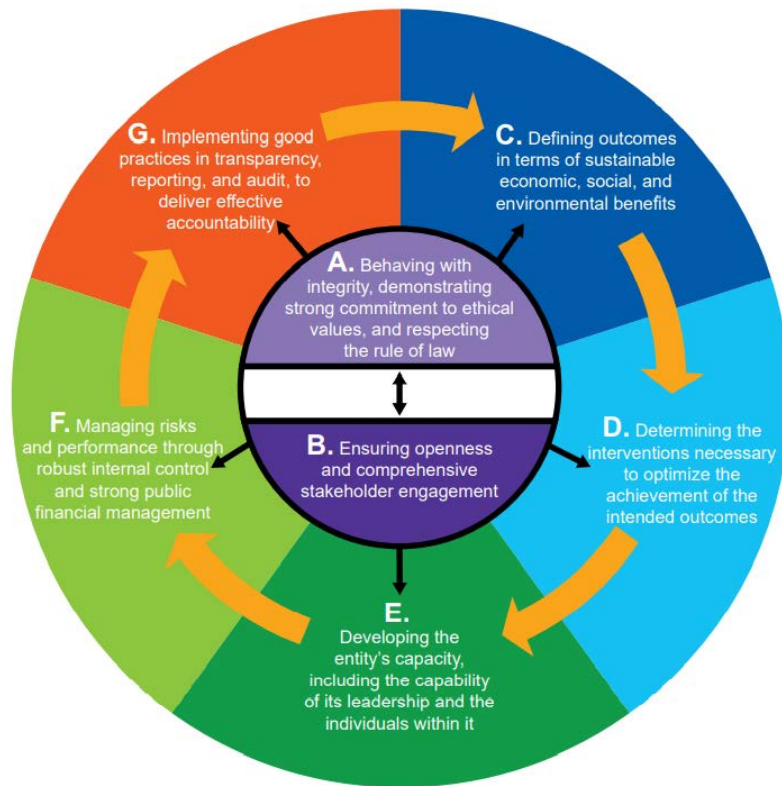
Derbyshire County Council is committed to effective corporate governance and has prepared the Annual Governance Statement by:-

- 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 2019-20 AGS Action Plan.



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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.

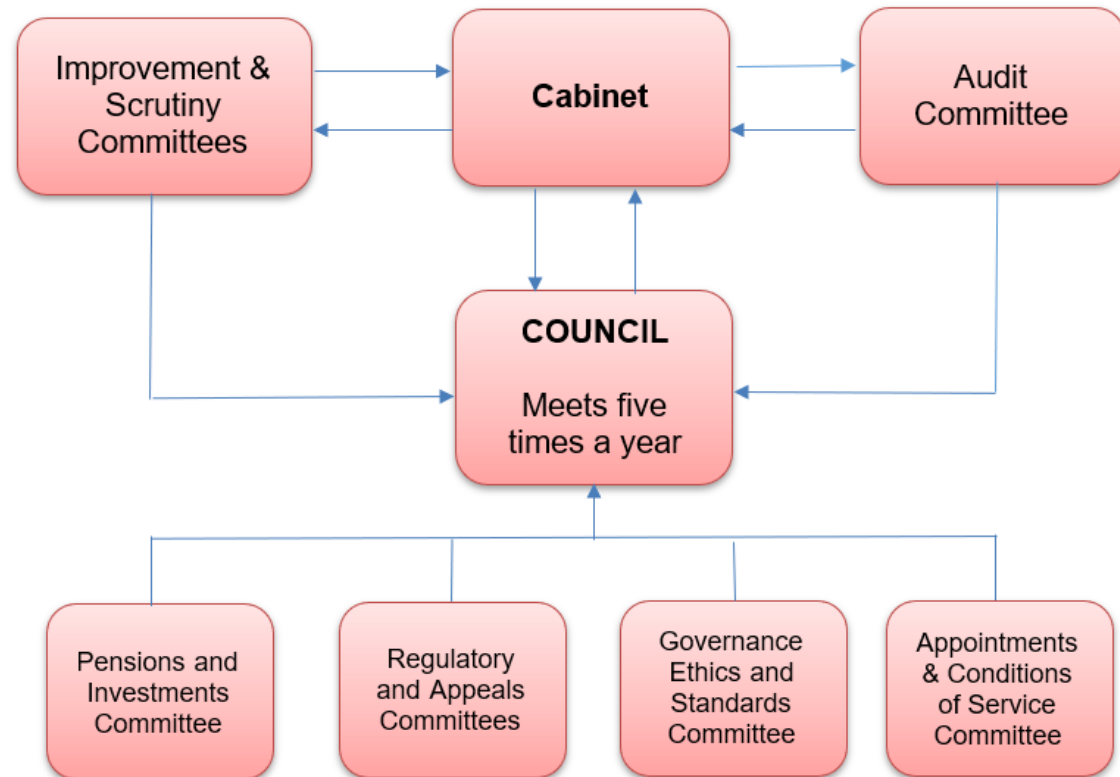
In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. The Council has developed an approach to corporate 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 and also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an 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 2021 and up to the date of the Statement of Accounts being certified by the Director of Finance & ICT.



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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 confidential matters are being discussed
- Decides the overall policy framework and sets the budget each year and major plans

Cabinet

- Consists of the Leader of the Council and eight 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

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 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

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The Annual Governance Statement 2020/21

During the 2020/21 financial year, events noted in the previous AGS came into effect as the Council had undertaken significant reviews of its Constitution including the Financial Regulations and Standing Orders relating to Contracts. As a result revised Financial Regulations and Standing Orders were implemented from 1 April 2019, with the remainder of the Constitution becoming operational from 27 May 2019. These updates were considered to significantly strengthen the overall robustness and integrity of the governance framework.

There has also been some progress in respect of the Council's Corporate Governance Group which is now chaired by the Head of Paid Service, with representatives from each Department as well as the Director of Legal & Democratic Services, Director of Finance & ICT, Director of Organisation Development & Policy and Assistant Director of Finance (Audit). A number of meetings were held during 2020-21 and the Group has been developing a Local Code of Corporate Governance. In addition, the Group has looked to schedule reviews of key governance policies, procedures and documents to coincide with Committee Meetings as well as considering lessons learnt from other public bodies.

The Risk Management Strategy was approved by Cabinet on 16 March 2020. This is intended to assist the Council in demonstrating good corporate governance by reducing risk, stimulating performance throughout the Council, enhancing services, promoting Value for Money and improving leadership, transparency and accountability. This is another significant step towards improving governance and the Strategy includes an implementation plan to ensure that risk management is embedded across the Council.

During 2019, the Council's Audit Services Unit was deemed to conform in all material aspects to the Public Sector Internal Audit Standards (PSIAS) following the five-yearly independent review by external consultants Cipfa C.Co. The Standards recognise that a professional, independent and objective internal audit service is one of the key elements of good governance.

The Corporate Peer Challenge of the Council took place in October 2018 which identified that its approach to governance appeared to be sound. The resulting report was considered and approved by Cabinet on 31 January 2019 before it was published. At this meeting Cabinet approved plans to develop a clear action plan, to address recommendations set out in the report alongside priority actions identified in the Enterprising Council Strategy and to receive future reports on progress on a six-monthly basis. Progress against performance related actions are being reported to Corporate Management Team in

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respect of the Council Plan and most recommendations have been implemented. However, reports on progress have not been taken to Cabinet on a six-monthly basis. A follow up peer review visit is due to take place in the latter half of 2021.

Coronavirus (Covid-19)

Possibly the most significant risk to the Council and its governance arrangements was not realised until March 2020 when the impact of Covid-19 became apparent. This was a significant issue during the whole of the year under review, the effect of the virus has radically changed the approach the Council has had to take in order to maintain an effective control framework around the way it makes decisions and delivers services. It has also created new challenges for both management supervision and internal audit oversight of activities. At the same time it has acted as an impetus for change and speeded up the delivery of new ways of working and strategic transformation.

Immediate Impacts

There was an immediate impact on decision making processes in March 2020, which saw many meetings cancelled as the Council was not able to hold these in accordance with regulations, and technology needed to be deployed in order that meetings could be facilitated. This had been resolved by May 2020 and virtual meetings have been held since that time. From May 2021 formal member meetings have now reverted back to being held in-person. The existence of an adequate governance framework ensured that the decision-making processes were robust and the Council could continue its core functions.

Despite the impact of Covid-19 (particularly around the timing of property valuations), the Council submitted the certified pre-audit Statement of Accounts before the statutory deadline of the end of July. The majority of staff were working at home during the period when the accounts were being prepared. This demonstrates that the Council has a robust and embedded framework which enables the production of the Statement of Accounts in challenging circumstances. The Council's systems and IT infrastructure have proved to be effective to ensure that staff were able, and can continue, to work solely from home in the short to medium term.

Prior to Covid-19, the Council was in a sound financial position effectively planning and managing its resources and investments, therefore, it had the capacity and capability to deal with the crisis, subject to appropriate support from Government towards meeting new spending commitments that arose as a result of the pandemic. However, it has been recognised that the Council has had to make its processes more agile and as part of that how to adapt its financial planning process. A financial forecasting model was used to help support financial stability during the outbreak.

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As the Council reacted to the developing situation, it had to adapt quickly which consumed time and resources that otherwise would have been deployed elsewhere. The Council has provided support to individuals, businesses and organisations within the community across Derbyshire to help them through the crisis. During this time, although efforts were made to ensure that changes to systems were reviewed to maintain effective control, an assumption has to be made that all proposed changes were notified through the correct channels and were considered. This may present a future risk and will be monitored.

The longer-term outlook remains a little clearer than at this time in 2020. Whilst an initial surge of Covid-19 cases passed and the severe restrictions imposed by the first lockdown have been eased and lifted, England has been subject to further periods of restrictions as further waves of Covid-19 cases emerged. The successful roll out of vaccines since December 2020 is providing real hope that there can be a return to a way of living with the virus that offers many of the same freedoms that were enjoyed before March 2020, however, in the short to medium term protective measures will need to continue to be in place to limit transmission of the virus. This will, in turn, continue to impact on the Council's frontline services and office working environments, the impact of which on vulnerable and/or isolated service users may not be apparent for some time in the future. Inevitably there is likely to be an impact on the Council's performance/increase in pressure for services as a result of Covid-19, and therefore it will be essential that as the Council moves into the recovery phase it looks at those services which have been adversely affected and how to support their effective recovery.

The Council has recognised the impact that the virus has had on staff and has undertaken periodic surveys to gauge opinion and determine employee wellbeing. These surveys have tended to confirm that the majority of respondents were able to work effectively from home and had adapted to the circumstances. The Council's IT systems have proved themselves to be robust and effective throughout the past year, many improvements have continued to be made and whilst there was a pause on the pace of transformation in early 2020 this hasn't affected change programmes as much over the rest of the year. In the medium to long term, the impact of Covid-19 on staff either as a result of actually having caught the virus and being extremely unwell, losing a relative or close friend, feeling isolated, or from having unsuitable working arrangements will have an impact. Similarly, as staff return to offices when they reopen, this may also affect wellbeing, especially where individuals have become accustomed to the flexibility of working from home with less structure and no commuting required.

The recovery phase will undoubtedly be a difficult period of transition, but the council is taking sound measures through its Modern Ways of Working programme and Wellbeing approach to mitigate these effects and to positively take advantage of opportunities that have emerged.

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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.

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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.

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 Council Plan sets out the Authority’s key priorities; ➤ The Constitution details the roles of the Cabinet, Committees, full Council, Executive Directors and Statutory Officers and continues to be reviewed and updated; ➤ Codes of Conduct define the standards of behaviour for Members and officers; ➤ The Authority operates an Equality and Diversity Policy, Whistleblowing Policy and Complaints Procedures; ➤ An Anti-Fraud and Anti-Corruption Strategy, Fraud Response Plan and Anti-Money Laundering Policy demonstrate the Council’s stance against fraud; ➤ The Monitoring Officer is responsible for ensuring the lawfulness of decisions taken by Council, Cabinet, Committees and officers; ➤ Embedded arrangements for the delivery of Improvement and Scrutiny; ➤ Financial Management Arrangements conform to the Cipfa Statement on the Role of the Chief Financial Officer in Local Government (2016); ➤ The Governance, Ethics and Standards Committee monitors and reviews the operation of the Constitution and the 	<ul style="list-style-type: none"> ➤ 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 It is anticipated that this will be completed by December 2021; ➤ Officers’ declarations of interests and gifts and hospitality are not consistently made and recorded. An officer group has been established to review this; ➤ The Whistleblowing Policy is currently being updated and will be communicated widely This is scheduled for November 2021; ➤ Implement the good practice recommendations following receipt of recent report from the Committee on Standards in Public Life. A target date has been set for December 2021; ➤ The Anti-Fraud arrangements could be more widely communicated and supported by training. A training module has been developed using the Online Learning Platform with the

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What is working well and areas for improvement				
Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement	
		<p>ethical framework and has conducted a major review during the previous year;</p> <ul style="list-style-type: none"> ➤ Role profiles have been agreed for Members and together with Personal Development Plans inform Member Development programmes; ➤ Clear channels of communication are in place for all sections of the community and stakeholders; ➤ Embedded Financial Regulations and Standing Orders, Procurement policies and practices. ➤ The Council's Corporate Governance Group is chaired by the Managing Executive Director and attended by Departmental Representatives and the Section 151 and Monitoring Officers. ➤ The Council reviews how it best protects its vulnerable residents and takes on board learning from all relevant reviews whether they are Derbyshire focussed or not. 	<p>intention of delivering this by December 2021.</p> <ul style="list-style-type: none"> ➤ Review of the Derbyshire Partnership Toolkit should be completed by end September 2021. 	
<p>Principle B</p> <p>Ensuring openness and comprehensive stakeholder engagement</p>	Good	<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; ➤ The Authority operates a partnership protocol, toolkit and database with specific requirements of partnership working defined in Financial Regulations; 	<ul style="list-style-type: none"> ➤ More active use of parish/town councils and community groups has been considered and actions are required to achieve this; ➤ Partnership working arrangements are redesigned using the Thriving Communities approach to create strategic partnership engagement to deliver shared outcomes. The Thriving Communities governance arrangements have been reviewed and Terms of Reference refreshed. Representation from the Vision 	

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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"> ➤ Certain partnership arrangements are subject to annual review by Audit Services; ➤ The Council publishes Member decisions on the website; ➤ The Council engages with the citizens of Derbyshire; ➤ The Council consults stakeholders as part of the decision making process where appropriate; ➤ The Council fulfils its responsibilities on the Duty to Cooperate; ➤ Equality Impact Assessments are undertaken and considered in decision making; ➤ A Communications Strategy is in place; ➤ The Council consults with citizens, trade unions and business ratepayers when setting its budget; ➤ The Council has an “Enterprising Council” Strategy and approach designed to ensure services meet the needs of users, utilising the best delivery vehicle in each circumstance; ➤ The Council has an online Committee Management System to improve access to councillors and democracy. 	<p>Derbyshire Communities Chief Executive Lead on the Board has been secured which should lead to a greater understanding by September 2021.</p>
<p>Principle C</p> <p>Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	Review	<ul style="list-style-type: none"> ➤ 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; ➤ The Authority has in place an effective risk management framework; 	<ul style="list-style-type: none"> ➤ Ensure that decisions are taken with regard to, or based on the longer term view. The new report templates implemented in May 2021 should meet this requirement; ➤ More emphasis could be placed on measuring and monitoring longer term outcomes as opposed to outputs. This should

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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 Strategic Risk Register is subject to regular review; ➤ Capital investment is structured and in line with the Investment Strategy. 	<ul style="list-style-type: none"> ➤ be met using the revised report templates; ➤ Ensure key equipment and processes to support business continuity planning are effectively maintained; ➤ A social value approach is in place. The Council has continued to develop and embed social value to ensure that the economic, environmental and social benefits are realised and captured consistently for Derbyshire when procuring services; ➤ Work has been ongoing to develop a comprehensive Asset Management Strategy. The final document will be considered by the Governance Group in 2021.
<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 Regulations and Standing Orders in relation to Contracts are subject to periodic review by officers and the Audit Committee; ➤ Decision making protocols are in place; ➤ Social value considerations are included in decisions where appropriate; ➤ Financial, Procurement and ICT Strategies are in place; ➤ Member Report considerations include financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, social value, property and transport considerations; ➤ The Council has Improvement and Scrutiny Committees in place. 	<ul style="list-style-type: none"> ➤ Development of consistent and effective business cases; ➤ 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 by March 2022; ➤ Revised People Strategy will be useful to ensure consistent council wide approach and guide future investment in skills is due

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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"> to be approved in July 2021. This needs to be fully embedded; ➤ Development of a robust post implementation review process for major projects. CMT approved the approach to review existing change projects and programmes and embed robust project management across the Council; ➤ Review of officer scheme of delegation to optimise achievement of outcomes. The use of Modern.Gov to assist the recording of decision making is expected to be completed by December 2021. 	
<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 reviewed through the Member Development Working Group; ➤ Staff development is supported through the provision of generic and specific skills training including supporting the maintenance of professional standards and qualification training including use of the apprenticeship levy; ➤ Senior Leadership and Leadership Forums are embedded; ➤ The Council is implementing its Performance and Development Review (PDR) process to identify training and development opportunities. 	<ul style="list-style-type: none"> ➤ Whilst there are areas of good practice relating to staff inductions and MyPlans there are opportunities to develop these processes. The launch of the new performance management process (PDR) will be rolled out across the Council by March 2022; ➤ Workforce planning support has commenced in service areas that have high agency spend and recruitment and retention charges. Succession Planning has been identified as a priority within the People Strategy. Workforce planning proposals are expected by March 2022; ➤ Consistent training of new staff in the IT systems they are expected to use, alongside refresher 	

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What is working well and areas for improvement				
Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement	
			training for existing staff to ensure effective use of systems. This is to be developed as part of the ICT restructure and new systems by December 2021.	
Principle F Managing risks and performance through robust internal control and strong public financial management	Good	<ul style="list-style-type: none"> ➤ The Audit Committee operates in accordance with prescribed terms of reference and holds Statutory Officers to account. 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; ➤ Audit Committee Members are provided with relevant training; ➤ 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 Council has a Risk Management Strategy; ➤ The Strategic Risk Register is subject to regular review and project specific risk logs are in place for major projects and partnerships which are subject to ongoing review; ➤ Emerging risks are identified by the reviews and from ongoing Audit work; ➤ Departmental risk registers are in place and regularly reviewed by management teams; ➤ Strong and effective information governance arrangements; ➤ The Council has been proactive in its approach to the General Data Protection 	<ul style="list-style-type: none"> ➤ Cyber security threats will require ongoing monitoring and development of appropriate responses which is a key work stream for the cyber security working group that was established in April 2021; ➤ The APEX performance system requires further development to utilise it to its full capacity to integrate performance and financial reporting. Further integration of risk is underway. 	<ul style="list-style-type: none"> ➤ Develop the process for lessons learnt from internal incidents and external Public Interest Reports.

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What is working well and areas for improvement				
Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement	
		<p>Regulation (GDPR) and dealing with data breaches.</p> <ul style="list-style-type: none"> ➤ Data Protection arrangements are continually monitored by the GDPR Group; ➤ The Council has a Medium Term Financial Plan and effective Budget Monitoring Procedures endorsed in the recent Corporate Peer Review by the Local Government Association; ➤ The Scrutiny Committees scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions; ➤ The standards of behaviour and conduct are detailed in the Protocol for Elected Member Behaviour and Conduct; ➤ Whistleblowing The Confidential Reporting Code enables individuals or organisations to disclose information about malpractice whilst offering protection; ➤ Performance management is well embedded at a Departmental level; ➤ The Council has established a working group to consider cyber security risks; ➤ Independence of Internal Audit and unrestricted access to all Members and officers as appropriate; ➤ Ensuring compliance with the principles set out in the Cipfa guidance on the Role of the Chief Financial Officer in public service organisations. 		
<p>Principle G</p> <p>Implementing good practices in transparency,</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; 	<ul style="list-style-type: none"> ➤ Continue to improve robust systems for property valuations building on the enhancements completed during recent years; ➤ Continue to action the recommendations of LGA Peer 	

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What is working well and areas for improvement			
Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement
reporting and audit to deliver effective accountability		<ul style="list-style-type: none"> ➤ Council, Departmental and Service Plans set out objectives and include performance targets; ➤ Council, Cabinet and Member meetings are open to the public and minutes are published on the website through the online Committee Management System to aid transparency of the democratic process; ➤ 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; ➤ Partnership working arrangements are established; ➤ The Council routinely publishes data and meets the requirements of the Local Government Transparency Code; ➤ Schemes of Delegation were reviewed during 2020/21. 	<p>Review to aid future improvement. The follow-up visit has been rescheduled for September 2021 with a new draft position statement considered by CMT on 1 June 2021 and working group meetings taking place fortnightly;</p> <ul style="list-style-type: none"> ➤ Continue to review the Constitution to ensure it remains fit for purpose to deliver effective accountability. This has identified areas for review in 2021/22. ➤ 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. ➤ Embed the process for the production of the AGS in a timely manner.

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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 so as 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

On behalf of Derbyshire County Council

Emma Alexander
Managing Executive Director

Date

Action Plan - Areas for Improvement

Principle	Area for Improvement	Responsible Officer
Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	<ul style="list-style-type: none"> ➤ 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 It is anticipated that this will completed by December 2021; 	Director of Organisation, Development & Policy
	<ul style="list-style-type: none"> ➤ Officers' declarations of interests and gifts and hospitality are not consistently made and recorded. An officer group has been established to review this; 	Director of Legal & Democratic Services
	<ul style="list-style-type: none"> ➤ The Whistleblowing Policy is currently being updated and will be communicated widely This is scheduled for November 2021; 	Director of Legal & Democratic Services
	<ul style="list-style-type: none"> ➤ Implement the good practice recommendations following receipt of recent report from the Committee on Standards in Public Life. A target date has been set for December 2021; 	Director of Legal & Democratic Services
	<ul style="list-style-type: none"> ➤ The Anti-Fraud arrangements could be more widely communicated and supported by training. A training module has been developed using the Online Learning Platform with the intention of delivering this by December 2021. 	Director of Finance & ICT
	<ul style="list-style-type: none"> ➤ Review of the Derbyshire Partnership Toolkit should be completed by end September 2021. 	Director of Organisation, Development & Policy
Principle B Ensuring openness and	<ul style="list-style-type: none"> ➤ More active use of parish/town councils and community groups has been considered and actions are required to achieve this; 	Performance and Engagement Manager (Place)

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comprehensive stakeholder engagement	<ul style="list-style-type: none"> ➤ Partnership working arrangements are redesigned using the Thriving Communities approach to create strategic partnership engagement to deliver shared outcomes. The Thriving Communities governance arrangements have been reviewed and Terms of Reference refreshed. Representation from the Vision Derbyshire Communities Chief Executive Lead on the Board has been secured which should lead to a greater understanding by September 2021. 	Director of Organisation, Development & Policy
Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> ➤ Ensure that decisions are taken with regard to, or based on the longer term view. The new report templates implemented in May 2021 should meet this requirement; 	Director of Legal & Democratic Services
	<ul style="list-style-type: none"> ➤ More emphasis could be placed on measuring and monitoring longer term outcomes as opposed to outputs. This should be met using the revised report templates; 	Director of Legal & Democratic Services
	<ul style="list-style-type: none"> ➤ Ensure key equipment and processes to support business continuity planning are effectively maintained; 	Director of Organisation, Development & Policy
	<ul style="list-style-type: none"> ➤ A social value approach is in place. The Council has continued to develop and embed social value to ensure that the economic, environmental and social benefits are realised and captured consistently for Derbyshire when procuring services; 	Director of Finance & ICT
	<ul style="list-style-type: none"> ➤ Work has been ongoing to develop a comprehensive Asset Management Strategy. The final document will be considered by the Governance Group in 2021. 	Director of Finance & ICT / Performance and Engagement Manager (Place)
Principle D	<ul style="list-style-type: none"> ➤ Development of consistent and effective business cases; 	Director of Finance & ICT

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Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> ➤ 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 by March 2022; 	Director of Finance & ICT
	<ul style="list-style-type: none"> ➤ Revised People Strategy will be useful to ensure consistent council wide approach and guide future investment in skills is due to be approved in July 2021. This needs to be fully embedded; 	Director of Organisation, Development & Policy
	<ul style="list-style-type: none"> ➤ Development of a robust post implementation review process for major projects. CMT approved the approach to review existing change projects and programmes and embed robust project management across the Council; 	Performance and Engagement Manager (Place)
	<ul style="list-style-type: none"> ➤ Review of officer scheme of delegation to optimise achievement of outcomes. The use of Modern.Gov to assist the recording of decision making is expected to be completed by December 2021. 	Director of Legal & Democratic Services
Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it	<ul style="list-style-type: none"> ➤ Whilst there are areas of good practice relating to staff inductions and MyPlans there are opportunities to develop these processes. The launch of the new performance management process (PDR) will be rolled out across the Council by March 2022; 	Director of Organisation, Development & Policy
	<ul style="list-style-type: none"> ➤ Workforce planning support has commenced in service areas that have high agency spend and recruitment and retention charges. Succession Planning has been identified as a priority within the People Strategy. 	Director of Organisation, Development & Policy

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	Workforce planning proposals are expected by March 2022;	
	<ul style="list-style-type: none"> ➤ 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. This is to be developed as part of the ICT restructure and new systems by December 2021. 	Director of Finance & ICT
Principle F Managing risks and performance through robust internal control and strong public financial management	<ul style="list-style-type: none"> ➤ Cyber security threats will require ongoing monitoring and development of appropriate responses which is a key work stream for the cyber security working group that was established in April 2021; 	Director of Finance & ICT
	<ul style="list-style-type: none"> ➤ The APEX performance system requires further development to utilise it to its full capacity to integrate performance and financial reporting. Further integration of risk is underway. 	Director of Organisation, Development & Policy
	<ul style="list-style-type: none"> ➤ Develop the process for lessons learnt from internal incidents and external Public Interest Reports. 	
Principle G Implementing good practices in transparency, reporting and audit to deliver effective accountability	<ul style="list-style-type: none"> ➤ Continue to improve robust systems for property valuations building on the enhancements completed during recent years; 	Director of Corporate Property
	<ul style="list-style-type: none"> ➤ Continue to action the recommendations of LGA Peer Review to aid future improvement. The follow-up visit has been rescheduled for September 2021 with a new draft position statement considered by CMT on 1 June 2021 and working group meetings taking place fortnightly; 	Director of Organisation, Development & Policy

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	<ul style="list-style-type: none"> ➤ Continue to review the Constitution to ensure it remains fit for purpose to deliver effective accountability. This has identified areas for review in 2021/22. 	Director of Legal & Democratic Services
	<ul style="list-style-type: none"> ➤ 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. 	Director of Organisation, Development & Policy
	<ul style="list-style-type: none"> ➤ Embed the process for the production of the AGS in a timely manner. 	