

# GOVERNANCE STATEMENT 2021/2022

## Good Governance

Ethics and Values

Engagement

Development

Decision Making

Leadership

Risk Management

Reporting



Our Environment | Our People | Our Future

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## INTRODUCTION

Welcome to the Council's Annual Governance Statement for 2021/2022.

As a public authority, the Council is responsible for ensuring that its business:

- ✓ Is conducted in accordance with the law.
- ✓ Operates to the highest standards in public life.
- ✓ Accounts for public resources in an open and transparent manner.

The Council also has a duty to secure continuous improvement in the way in which its functions and services are delivered and to achieve value for money for the Taxpayer.

To meet these objectives, the Council is expected to have the highest possible governance arrangements in place.

Governance is about how the Council runs its business and it underpins everything that the Council undertakes. Without robust arrangements, there is a greater risk that failures will occur.

Good corporate governance is essential in demonstrating that there is credibility and confidence in public services. Sound arrangements should be founded on:

- Openness
- Integrity
- Accountability
- Leadership

## The Council's Governance Framework

The Council adopts a Local Code of Corporate Governance. This sets out the System, which details the associated policies, processes and regulations, etc. which make up the Governance Framework at the Council.

The Governance System is based on established national guidance and is formed on **seven principles**.

The Principles	What this means
<b>Principle 1:</b> Behaving with integrity	Elected Members and Council Officers acting in accordance with national standards regarding Public Office.
<b>Principle 2:</b> Engaging with stakeholders	Keeping residents, businesses and other interested parties, etc. informed and seeking feedback through consultation.
<b>Principle 3:</b> Setting clear objectives	Having medium term business and financial plans in place that provide for the sustainability and development of services.
<b>Principle 4:</b> Having positive interventions	The detailed policies and procedures, such as terms of reference for decision-making, a change management process and an annual budget, etc. which ensure that objectives are met.
<b>Principle 5:</b> Leadership and capacity	Clear direction from senior management and that adequate, trained and empowered staff are in place to deliver services.
<b>Principle 6:</b> Managing risks and performance	Having robust internal control and strong financial management to ensure that risk is mitigated, data is secure, and performance is regularly monitored.
<b>Principle 7:</b> Good reporting and transparency	Assigning clear accountability and reporting lines, allowing access to information and reporting performance on a regular basis.



## Update and Review

The detailed System which demonstrates compliance with these principles, is reported to and reviewed by the Council’s Audit Sub Committee half yearly. The reports for 2020/21 [June 2021](#) [Dec 2021](#) provided a regular update on changes and on-going work, which ensured the Council’s Governance Framework remains fit for purpose.

***The detailed Framework and how the Council complies is detailed in Appendix 1 (the Local Code will be inserted)***

***This Framework was in place from 1 April 2021 and up to and including when this Statement was published, following a review by External Audit in 2024***

## A Changing Environment

Although the seven basic principles generally remain unchanged, ensuring compliance always requires regular review. The Council operates in a changing environment where external factors can affect how it operates. In turn, this can affect its Governance System.

## Risks and Challenges

Governance must also be reviewed in the light of strategic risks and challenges facing the Council. The following key risks have been identified which could have an impact on the Council’s Governance Framework.

Risk	Challenge	Effect on Governance
<b>Continuing growth of the District and an increasing population</b>	The Council is a designated growth area with a Local Plan target of 13,000 new homes between 2010 and 2028. This is increasing the local population and changing the demographics of the District.	<b>Principle 2</b> As more people contact the Council, it is providing opportunities for developing more efficient interaction with customers through digital channels, where this is preferred.
<b>Government Funding</b>	The continuing uncertainty of the Local Government Funding System beyond 2022. The Council is at risk, in particular from the ending of the New Homes Bonus.	<b>Principle 3</b> The Council will need to maintain a sustainable financial position through its Medium-Term Financial Plan (MTFP) if it is to deliver the priorities in the Corporate Plan.
<b>Delivery of the Corporate Plan (2020 to 2024)</b>	An ambitious plan to achieve targets regarding the Climate, Environment, Transformation and the local economy.  The Council has approved detailed Transformation and Climate Action Plans to deliver its ambitions in these areas.	<b>Principle 4</b> This has brought the Transformation Agenda to the fore to enable change to be delivered.  <b>Principle 5</b> It has also focused the Council towards Organisational Development to ensure sufficient capacity, together with a skilled and informed workforce is available.
<b>Working Arrangements and Service Delivery (post Covid)</b>	The Council is implementing a new Flexible Working Policy and reviewing its interaction with customers following the lifting of restrictions in March 2022.	<b>Principle 2</b> The ways in which people are contacting the Council has changed. This is providing both opportunities and challenges to ensure Council services remain accessible.  <b>Principle 4</b> Organisational change is being processed through the Council’s Business Transformation Process.



## Developments in the Year

The risks identified above brought about a series of developments during 2021/22, in addition to other matters that arose. Resulting actions and on-going work are all designed to strengthen the Council's Governance System.

*Post Covid, people are contacting the Council in different ways to that previously, with a shift away from face-to-face contact. During 2021/22, the Customer Service Standard was updated and a new Customer Access Point, to deal with face-to-face queries, is being trialled.*

## Principle 1: Ethical Values

Contained in the Council's Corporate Plan (2020 to 2024) are 3 key values to support its delivery - **Pride, Respect and Excellence.**

*Work has progressed to undertake an employee survey, to obtain feedback on ethics, values, and culture, together with obtaining a check on communications, morale, health, and well-being of staff.*

*It had been planned to initially undertake this survey back in 2020/21 but was postponed until a decision has been made on working arrangements post Covid-19.*

*New working arrangements are currently being implemented following approval of a Flexible Working Policy in March 2022.*

*It is now planned that the survey will be undertaken in 2022/23.*

## Partnership Working

The Council works with a range of organisations in the public, voluntary and private sector to further not only its own service provision, but also the general well-being and development of the District.

*The Council's principle partnership is the South Derbyshire Partnership which includes agencies from health, police, parish and county councils, together with local voluntary services and local businesses.*

*The Partnership works to a set of shared priorities which are designed to improve the local environment, economy and health of local people.*

*The Partnership is properly constituted and governed by a Board which monitors progress against agreed actions, together with the use of resources, with the Council taking a key role.*

## Principle 2: Engagement

The Corporate Plan contains two priorities to ensure consistency in approach in dealing with people who contact the Council using a Customer Service Standard, together with making greater use of technology to engage with residents. Progress against these priorities are monitored on a quarterly basis.



### Principle 3: Sustainable Outcomes

To support outcomes in the Corporate Plan, the Council's Contract Procedural Rules were updated and approved in April 2021.

***This reflected the Council's commitment to Climate Change, providing guidance to ensure that environmental benefits are included in tender evaluation and contract management.***

### Principle 4: Interventions

The Council complies with a national Financial Management Code which contains a range of professional standards designed to ensure financial capacity and resilience. Following an assessment against the Code in July 2020, an Internal Audit review of compliance was reported in December 2021.

***The Audit confirmed that of 17 individual standards, the Council substantially complied with 16; only one, regarding consultation with stakeholders on longer-term financial planning, is not currently undertaken. This is not a statutory requirement but is considered good practice.***

***The Audit also highlighted a significant risk with reporting and approving the Annual Budget. The Audit raised a potential issue as to whether the existing process gave proper sign-off by the Council. This risk was addressed in the Budget Round for 2022/23.***



## Principle 5: Organisational Capacity

A key action in the Council’s Corporate Plan is develop capacity through a Modern Apprenticeship and Training Programme.

The Council has a target to employ up to 8 Apprentices per year. The Council has not achieved this target but had increased the number of posts from 4 to 6 in 2021/22 and has plans to achieve 8 in 2022/23.

The Council’s capacity to deliver services is also enhanced through its partnership working and use of shared services

## Principle 6: Risk Management

Work during the year focused on the Risk Management System itself, together with a review of Anti-fraud and Corruption processes.

Audit work was undertaken to review the effectiveness of the Council’s Risk Management arrangements. Four recommendations to improve the Council’s process were implemented and an updated Policy Document was approved in June 2021.

***A trial to undertake a new Out of Hours and Emergency Contact Service using an external provider, was undertaken for 3-month period in 2020/21.***

***Post Covid, a further trial until January 2023, is currently on-going to assess the effectiveness of a new system. It is expected that proposals for a long-term solution will be considered after January 2023.***

## Anti-Fraud and Corruption

Internal Audit also undertook a review during the year of the Council’s Anti-Fraud and Corruption procedures.

Their report made two recommendations to strengthen procedures, and an updated Anti-Fraud and Corruption Policy was approved in June 2021.

## Post Covid 19

The Governance Statements for 2019/20 and 2020/21, provided details of how the Pandemic affected the Governance Framework and in particular, how the Council addressed the issues that the Pandemic raised for service delivery and working arrangements.

During 2021/22, the Council consulted on introducing a new Flexible Working Policy to enable the benefits of home and remote working to continue, whilst ensuring that services and staff remained accessible.

## Customer Access

A key component of Governance for a local authority, is engagement with its residents and customers.

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*The new Flexible Working Policy was approved in March 2022 and is planned to be fully operational by July 2022.*

*As part of this, the type and use of office accommodation, together with customer access are being reviewed at a service-by-service level.*

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Due to the various national restrictions imposed by the Government between March 2020 and July 2021, face-to-face contact became extremely limited.

Consequently, there was greater contact with people by telephone, e-mail and over the Internet to deal with queries, make enquiries and payments, etc. This has continued.

### Face to Face Contact

Although other forms of customer contact present new challenges for the Council to be efficient and effective, the Council also appreciates that there will always be a requirement for some face-to-face contact.

Given the experience of post Covid the number of people visiting the main administrative offices is low.

Consequently, it is not considered cost-effective to return to a fully resourced reception service given the current demand.

***Therefore, the Council is currently undertaking a trial of a new Customer Access Point.***

***During the trial, the Council is consulting with residents and other stakeholders to gather feedback on the longer-term arrangements. It is expected that the trial will report back later in 2022.***

- ✓ Supporting voluntary groups with food parcels and distributing supplies to local residents.
- ✓ Providing buildings for NHS test centres.
- ✓ Administering and paying out various grants to local businesses and individuals from funding provided by the Government.
- ✓ Providing financial support to local community and charitable groups who were not eligible for other funding.
- ✓ Supporting local business with safe ways of operating during Covid.
- ✓ Taking enforcement action where necessary.
- ✓ The dissemination of general public health messages and being a contact point for residents and businesses.

***Following the easing and then lifting of all restrictions in 2021/22, the Council continued much of this support, albeit at a much lower rate as a recovery took place.***

***The Council has since turned its focus to supporting this recovery locally by encouraging people back into town centres through various activities and by fully reopening its cultural and leisure activities.***

### The Council’s Wider Role Post Covid

During the Pandemic, Covid brought to the fore the Council’s wider Leadership role in the local community, for example:



### The Financial Implications of Covid-19.

This was reported in detail in the previous Governance Statement for 2020/21.

Additional expenditure and loss of income **totalling approximately £1.3 million** has been reimbursed by the Government. Any longer-term impact on Council finances continues to be monitored as part of Financial Planning.

During 2020/21 and 2021/22, the Council distributed Government funding of **approximately £31.5 million** to support local businesses and residents financially affected by the various lockdowns and restrictions.

### Propriety in the Conduct of Council Business

An indication of how well the Council is performing, is to review any propriety matters that arose in the year, i.e., how well does the Council, its Members and Officers behave compared to accepted standards, values and the rule of law.

An overview for 2021/22 is provided below.

- ✓ **Codes of Conduct:** no reported breaches
- ✓ **Register of Interests:** no issues raised
- ✓ **Whistleblowing:** no matters arose
- ✓ **ICT Security:** No major incidents reported.
- ✓ **Litigation:** none and no issues pending

**! Fraud and Corruption:** A case of career polygamy fraud has been

identified, relating to 2021/22. The matter is currently being investigated.

### Reportable Incidents

<p><b>Complaints to the Local Government and Social Care Ombudsman</b></p> <p>The Ombudsman's most recent <a href="#">Report</a> highlighted four complaints about the Council in 2020/21, of which none were upheld.</p>	<p>The Ombudsman's Office made decisions on 4 complaints about the Council in 2020/21. Of these complaints, 2 were closed after initial enquiries, 1 complaint was referred back for local resolution, and advice was given for 1 complaint.</p>
<p><b>Health and Safety (H&amp;S)</b></p> <p>There were <b>five</b> reportable incidents under H&amp;S Regulations in the year. However, none of them required any further investigation by the HSE.</p>	<p>However, the Council undertook its own investigation in each case and updated procedures and training where this was necessary.</p>
<p><b>Data Protection</b></p> <p>In February 2022, the Data Protection Officer reported an incident to the Information Commissioner's Office (ICO) regarding a data breach which occurred from the Customer Service team whilst processing Hardship Grants. The breach emanated from an Agency person employed on a temporary contract.</p>	<p>Upon notification of the incident the Council suspended the user account details and terminated the contract of the agency staff member responsible.</p> <p>Customers were contacted and all parties involved confirmed the appropriate deletion of any personal data sent in error along with a brief outline of how the Council was responding to the incident.</p>





<p>The breach effected three people over an eight-week period and involved a full and completed application form including personal details and narrative of special circumstances being sent to incorrect customers.</p>	<p>The team processing applications have been made aware of the details of the case and have also had a refreshed briefing and training session on data protection and operating procedures.</p> <p>On the 5 March 2022, the ICO wrote to the Data Protection Officer. Based on the action taken in immediate response to the incident and the information contained in the DPO report, no further action was taken.</p>
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21 of these audits reported either a **“Reasonable or Substantial”** assurance rating, and one audit did not attract a rating as the work was of a consultancy nature.

The other audit, relating to Housing Repairs, reported a **“Limited”** assurance rating.

The outcome of these audits, together with the implementation and tracking of recommended actions, are monitored by the Audit Sub-Committee.

### Opinion of Internal Audit

The Chief Audit Executive reported to the [Audit Sub-Committee on 22 June 2022](#)

***“Based on the work undertaken during the year, I have reached the overall opinion that there is a **Satisfactory System of Governance, Risk, Internal Control** - Findings indicate that on the whole, arrangements are satisfactory, although some enhancements may have been recommended.”***

### External Audit Opinion

***As reported to the Audit Sub-Committee on 27 November 2024, the Councils Accounts and Financial Statements for 2021/22 were given a **disclaimed opinion**.***

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907), which came into force on 30 September 2024, requires the accountability statements for this financial year to be approved not later than 13 December 2024.

## Business Continuity

Being able to maintain public services is vital in an emergency.

Under the Civil Contingencies Act 2004, the Council is required to have updated plans in place and to regularly review and test these plans alongside other agencies.

Besides to adhering on-going Covid restrictions for much of the year, there were no major incidents which invoked business continuity arrangements.

Internal Audit did review the Council’s arrangements and provided a satisfactory assurance rating, highlighting three low risk recommendations for future action.

## Internal Audit

From its work, Internal Audit provide a form of assurance regarding the Council’s internal control environment.

During the year, Internal Audit completed 23 audit assignments.



The audit of the 2021/22 financial statements for the Council was not completed for the reasons set out in our opinion on those financial statements dated 11 December 2024.

As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report before the 13 December 2024 backstop date.

In addition, we have identified a significant weakness in relation to the Council's adherence to procurement policies and procedures which is described in the value for money section of our report/ Due to the imposed backstop date, we are unable to perform sufficient audit work as required by auditing standards and guidance issued in Local Audit Reset and Recovery Implementation Guidance (LARRIG) 04 to determine whether this matter has material impact on the financial statements.

Therefore, we are disclaiming our opinion on the financial statements.

### [External Audit Report](#)

### **Is Current Governance Effective**

As part of the Council's 2023/24 Annual Governance Statement, two significant governance issues reported relate to 2021/22 and therefore are reportable as part of this AGS.

- **Budget Setting approvals** – EY LLP identified a risk of significant

weakness for 2021/22 and 2022/23 as part of the interim Value for Money report, presented to the Audit Sub-Committee on 6 March 2024. This significant weakness relates to a previous internal audit significant risk finding where they concluded in 2021/22 that "The annual General Fund, Housing Revenue Account and Capital budgets were not formally received and approved by Full Council, as required by the Council's Constitution and to meet the requirements of the Local Government Act 2000". The Council took action to remedy this position for the 2024/25 budget year and beyond.

- **Non-compliant agency staffing arrangements** - The second matter relates to agency staffing spend outside of contract. This material level of agency spend with recruitment agencies, since 2019, was identified as being non-compliant. The source of the non-compliance was because the agency businesses in question were not party to the currently mandated framework arrangements utilised by the Council for temporary staffing. The Council has implemented a comprehensive action plan to mitigate the risks of non-compliant spend in this area and is undertaking additional spend analyses.

In all other respects, the Council considers that its System is effective and fit for purpose but is not complacent and continues to face challenges as highlighted in this Statement.

### **Test of Effectiveness**



<b>The Local Code</b>	✓ Up-to-date and regularly reviewed.
<b>Work Plan</b>	✓ Completed during the year to strengthen Governance in response to risks and challenges.
<b>Financial Management</b>	<p>✓ In all material aspects, the Council complied with CIPFA's Financial Management Code.</p> <p>As set out above, a significant weakness has been identified and remediated for future years in respect of the Council's governance arrangements for approving its annual budget.</p>
<b>Internal Audit</b>	<p>✓ The Chief Audit Executive reached an overall opinion in 2021/2022, that there is a satisfactory system of Governance, Risk and Internal Control.</p> <p>✓ The Internal Audit Service generally conformed to the Public Sector Internal Auditing Standards.</p>
<b>External Audit (Opinions)</b>	<p>✓ <u>The Accounts and Financial Statements</u> Tbc.</p> <p>✓ <u>VFM and Governance</u> Tbc.</p>
<b>On-going Development</b>	✓ An approved plan for 2022/23 to maintain good Governance.
<b>Propriety</b>	✓ No major issues and recommended actions arising from external reviews were implemented.

### Action Plan 2022/23

The Council operates within a changing environment with constant development in ICT, together with demand on its services due to the significant growth of the District. In addition, the impact of Covid-19 has itself brought about change.

Consequently, besides on-going work already being progressed, the following reviews and action will be undertaken in 2022/23.

### The Action Plan

Principle	Action
<b>Behaving with Integrity (P1)</b>	A new Councillor Code of Conduct based on a national model, is due to be implemented in May 2023.
<b>Demonstrating Ethical Values (P1)</b>	To undertake and review outcomes from a staff survey.
<b>Workforce Development Strategy (P5)</b>	The existing Strategy is due for review in 2022/23.

### And Finally, Council Sign-off

On behalf of the Council, we are satisfied that our current Governance arrangements remain effective and fit for purpose and that appropriate actions are in place to maintain good Governance at the Council.

We commend the good practice highlighted in this Statement but do not remain complacent given risks and challenges also highlighted. Based on the information reported to us, we therefore commend the Governance Statement for 2021/22 for approval.



**Dr Justin Ives (Chief Executive)**



**11 December 2024**

**Councillor Robert Pearson (Leader of the Council)**



**11 December 2024**

