

Derby City Council

Audit and Accounts Committee

Annual Governance Statement 2015/16

29 March 2017

Executive Summary

Each year, the Council is required to produce an Annual Governance Statement (AGS) that explains how it manages its corporate governance arrangements, makes decisions, manages its resources and promotes values and high standards of conduct and behaviour.

The Annual Governance Statement reports on:

1. how the Council complies with its own governance arrangements;
2. how the Council monitors the effectiveness of the governance arrangements;
3. what improvements or changes in governance arrangements are proposed during the forthcoming year.

The 2013/14 AGS and the 2014/15 AGS had both identified significant governance failings. In June 2016, Grant Thornton, the Council's External Auditors for those financial years, published a Report in the Public Interest detailing a number of governance failings at the Council, which centred on the management of a number of major projects and on some Member conduct during 2013/14 and 2014/15. The Council has embraced the recommendations in the Public Interest Report. Numerous changes have already been put in place, and a number are on-going in order to strengthen and enhance our governance framework. This framework is subject to a number of checks and balances to ensure continuous improvement.

Certification And Approval

We have recognised weaknesses in the previous governance framework highlighted in the 2013/14 AGS and 2014/15 AGS and have implemented corrective action. We have accepted all the recommendations made in the Report in the Public Interest and will strengthen our overall approach to Corporate Governance through the on-going actions.

Ranjit Banwait
Leader of the Council

Paul Robinson
Chief Executive & Head of Paid Service

Paul Hezelgrave
Chair of Audit & Accounts Committee

Janie Berry
Director of Governance & Monitoring Officer

2. Introduction and Background to the 2015/16 Annual Governance Statement

Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 requires that a relevant authority must each financial year prepare an annual governance statement (AGS)

The 2013/14 AGS and 2014/15 AGS outlined a number of concerns with the effectiveness of the Council's governance framework. The Council has recognised these problems and put together improvement actions in a Governance Action Plan to strengthen and enhance the governance framework. This work remains ongoing.

Corporate Governance generally refers to the processes by which organisations are directed, controlled, led and held to account. The Council is committed to embedding and achieving a robust set of corporate governance arrangements. The Council is managed within arrangements set out in its Constitution. The Constitution outlines how the Council operates, how decisions are made and what procedures need to be followed to ensure it is efficient, transparent and accountable to its residents and stakeholders.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

3. The Council's Governance Framework

Derby City Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website or can be obtained from the Council's Head of Governance and Assurance. This Annual Governance Statement demonstrates how the Council has complied with its Code.

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 designed to identify and prioritise the risks to the achievement of the Council's objectives, to evaluate their likelihood and impact, and to manage them effectively.

The Council's assurance framework that was in place in 2015 / 16 is shown in the diagram on page 4.

Where do we need assurance?

Delivery of corporate priorities
Service performance and quality
Financial planning and performance
Partnership governance and effectiveness
Project management and delivery
Procurement processes
Management and engagement of our staff
Clarity of roles and responsibilities
Decision making protocols
Leadership effectiveness
Standards of conduct and ethics
Compliance with laws, regulations etc.
Effectiveness of the scrutiny function
Effectiveness of internal control
Effectiveness of safeguarding arrangements
Management of risks
Training and development of elected Members and staff
Staff engagement
Community engagement
Research
Openness and transparency

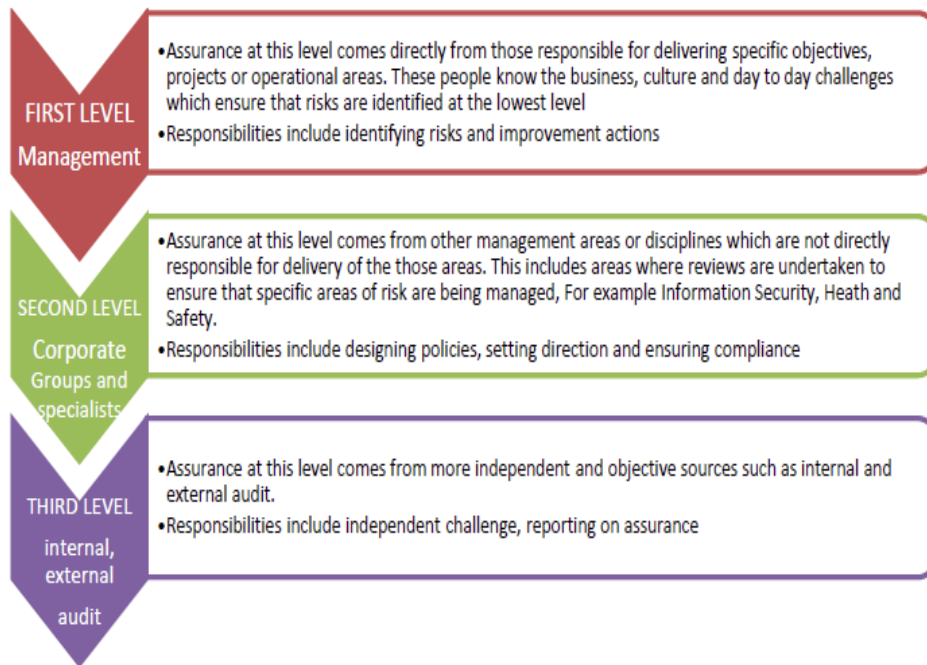
What do we have in place?

Derby Plan
Council Plan
Departmental Business Plans
Council Constitution, democratic arrangements, scheme of delegation for decision making
Audit & Accounts Committee and Standards Committee
Policy framework
Performance Frameworks (service and employee)
Effective financial management e.g. Annual Statement of Accounts, Medium-term Financial Plan, regular reporting of performance
Engagement mechanisms and Complaints processes
Partnership governance framework
Project management methodology
Corporate procurement strategy
Consultation Policy
OD Strategy, policies and procedures
Specific job roles for CEO, S151 Officer and Monitoring Officer
Member/officer protocols
Terms and conditions for remuneration
Pay and Reward Strategy
Officer and member Codes of Conduct
Registers of interest/hospitality
Anti-fraud and corruption policy and whistleblowing arrangements
Financial Procedure Rules & Contract procedure Rules
Staff and member training through a blended learning approach
Risk management framework
Corporate Safeguarding Board
Equalities framework
Core Values and behaviours
Effective systems, processes and controls
Electronic Policy management and E Learning system

What are our sources of assurance?

External auditor reviews and reports
Internal Audit reviews and reports
Internal audit planning linked to governance framework and risk
External reviews and inspectorate reports
Self-assessments
Peer reviews
Staff engagement
Benchmarking/VFM data
On-going review of governance
Partnership boards
Council's democratic arrangements e.g. scrutiny and 'audit' committees
Customer feedback
Community Engagement through:
 Reach-out Consultation Panel
 Statutory Surveys
 Service User Forums
 Diversity Forums
 Voices in Action Youth Council
 Neighbourhood Boards/Forums
 Streetpride Champions
 Your City, Your Say

Assurance can come from many sources within the Council. The Governance Working Group is responsible for mapping out where those assurances come from in order to identify any gaps. The Council uses the standard model of assurance within its governance framework, enabling it to understand how each contributes to the overall level of assurance and how best they can be integrated and mutually supportive. The key areas of assurance that underpin the governance framework are shown below:



4. **Key Developments to the Governance Framework:**

The 2014/15 Annual Governance Statement outlined the developments that were in progress or planned to enhance the Council's Governance framework. This development work has continued throughout 2015 / 2016 and will continue during 2016 / 2017.

Governance Working Group

In September 2016, the Council reported as follows:

In March 2015 the Governance Working Group was re-launched to focus on organisational weaknesses in governance and statutory compliance. As part of the improvement plan, the Group:

- developed nine building blocks which form the underlying principles of the Council's governance approach
- used these building blocks to create a Project Plan which maps progress of identified priorities and outcomes set within each building block theme
- allocated responsibilities for progressing work within each building block theme, to a relevant Service or Strategic Director
- reported issues and outcomes in relation to the Project Plan to the Corporate Governance Board on a monthly basis.

Significant progress has been made on the actions in the improvement plan. Completed actions include:

- Review and update of the Risk Strategy.
- Risk management now a standing item on DMT agendas.
- Review of the Overview and Scrutiny Boards.
- Constitution updated following Senior Management restructuring.
- Updated and revised Financial procedure rules
- Review of Boards / Working Groups and publication of new terms of reference template.
- Published guidance on secure storage of physical records both in transit and at home.

Sub Groups

In 2014/15, the Governance Group had a number of sub-groups reporting into it. These sub-groups were:

- Information Governance
- Risk Management
- Anti-Fraud

The Risk Management Group was set up to oversee the development of the Council's risk management framework. However, with the change of emphasis around corporate governance, and the inclusion of risk management as one of the "building blocks", it was decided that risk management should formally be integrated into the Governance Working Group.

The Anti-Fraud Working Group was established to bring together the various leads within the Council whose teams were involved in services/functions that carried a fraud risk and to co-ordinate the Council's responses to national fraud surveys. This Working Group is currently on hold following the transfer of Housing Benefit Fraud staff to the Single Fraud Investigation Service within the DWP. However, the Council is currently establishing a Corporate Fraud Team, so there may be a need to reform the Group in due course.

The Information Governance group is chaired by the Council's Senior Information Risk Owner (SIRO) and was set up to provide an overview on the Council's information governance framework. Its initial task was to oversee the action plan that was formulated following a consensual audit of the Council by the Information Commissioner's Office in September 2012. Its key areas of responsibility are the continued development of information governance and information security within the Council, which it achieves through an Information Governance Action Plan.

Updated: February 2017

During 2016 and up to February 2017, the Governance Working Group continued to build upon and develop the Governance Improvement Plan as follows:

Further Building Blocks have been developed and increased from nine to 11, namely:

- Block 1 – Policy and Strategy
- Block 2 – Strategic Planning
- Block 3 – Information Security and Governance
- Block 4 – Risk Management
- Block 5 – The Constitution
- Block 6 – Public Interest Report
- Block 7 – Performance Management
- Block 8 – Organisational Development
- Block 9 – Project Management
- Block 10 – Finance and Control Procedure Rules
- Block 11 – Asset Management

In January 2017, the Group undertook its 'Taking Stock Review'.

The purpose of this review was:

- 1 To assess whether DCC's identified governance building blocks are fit for purpose.
- 2 To assess the impacts and outcomes of implementing the building block and the benefits of these to DCC's culture and business.
- 3 To clarify achievements and prioritise opportunities for improvement to the governance agenda.
- 4 To identify and plan for possible challenges and threats to the governance agenda.
- 5 From the review, identify and agree the main DCC governance themes for 2017 taking into account the emerging local, regional and national policy contexts for DCC.

Each Lead Officer for the respective Building Blocks was asked to identify Achievements, Opportunities, Impact / Outcomes and Challenges.

This was a thorough exercise and notable achievements have been reported.

- Production of a new risk management strategy and overhaul of the strategic risk register
- Revised information governance policies and development of robust information sharing protocols
- Improved oversight and challenge of key areas of Council performance by Corporate Scrutiny Committee
- Approval of a three year Council Plan and development of a Draft Delivery Plan to underpin Council priorities
- Refreshed approach to business plan development
- Development of a standard approach to project management
- Updated Employee Code of Conduct.

In continuing to address the Governance challenges, the Governance Working Group has reviewed the Building Blocks to offer a more streamlined approach. The focus of the Group from 2017 is to use the established governance blocks to further test and develop the Assurance Framework and the Council's internal controls and ultimately gain an insight as to the strength and depth of the embedded governance principles.

Going forward, the Governance Working Group will actively contribute preparation towards the Corporate Peer Challenge due to take place in June 2017.

Sub Groups

The Anti-Fraud Working Group has now been disbanded following the transfer of Housing Benefit Fraud staff to the Single Fraud Investigation service within the DWP.

The Council has now established a Corporate Fraud Team

Corporate Governance Board

In April 2015, the Council set up a Corporate Governance Board which is chaired by the Cabinet Member for Regulatory Services whose portfolio includes responsibility for Corporate Governance. The Board oversees the progress being made on improvements to the Council's Governance Framework.

The Board has continued to meet on a monthly basis and remains an effective challenge to the work of the Governance Working Group.

The Cabinet Member for Governance attends Audit and Accounts Committee to offer assurance on the work being undertaken.

New Management Structure

A new management structure took effect from 1 September 2015. The 2015/16 budget setting process included a requirement by the Council's Cabinet to reduce the management structure (Tiers 1-3) to deliver at least £600k of annual savings. The new structure is based around a two Directorate model – “People Services” and “Communities & Place” with a third Directorate – “Organisation and Governance” being led by the Chief Executive.

Updated: February 2017

The three Directorate model continues to be in place.

However, there are a number of Service Director positions being filled temporarily which the Chief Executive is keeping under review.

Updated: February 2017

Council Plan

In March 2016 we launched a new Council Plan in support of our partnership vision of Derby 2030: safe, strong and ambitious.

The Council is now concentrating on developing a Delivery Plan to support the Council's eight priorities detailed within the Council Plan. The aim of the Delivery Plan, once approved, is to establish a transparent link between the Council Plan, MTFP and the Directorate / Departmental Business Plans. The Delivery Plan will be a public document and the draft is currently the subject of consultation with stakeholders.

The Council's eight priorities are:

- Protecting vulnerable children and adults
- Enabling individuals and communities
- Promoting health and wellbeing
- Raising achievement and skills
- Improving housing, supporting job creation and regeneration
- Making the most of our assets
- Being more commercial; and
- Delivering services differently.

Delivering Differently

Over the next three years the Council has to deliver £45m of savings. In addition to delivering the budget savings already agreed, the Delivering Differently programme is supporting services to develop and implement new and innovative service delivery models with the aim of creating a modern, flexible and resilient Council.

The Delivering Differently programme is a key element of the Council's Medium Term Financial Plan as well as the main mechanism for the delivery of the eight priority outcomes within the Council Plan.

The Council Plan sets out the Council's eight priority outcomes. These are:

- Protecting vulnerable children and adults.
- Enabling individuals and communities.
- Promoting health and wellbeing.
- Raising achievement and skills.
- Improving housing, supporting job creation and regeneration.
- Making the most of our assets.
- Being more commercial.
- Delivering services differently.

The Delivering Differently programme supports the delivery of all eight priority outcomes and is based around three themes. These are:

- **Our Communities** – local people doing more for themselves and each other.
- **Our People** – a modern, flexible and emotionally intelligent workforce.
- **Our Services** – services that allow people to be self-managing and being more commercial.

The programme consists of a portfolio of corporate projects designed to move the Council towards achieving its overall aim of becoming a modern, flexible and resilient Council by 2019. In addition there are a significant number of Directorate projects aimed at both delivering the savings already agreed by Full Council as well as making recommendations to position services to be delivered in different ways in the future.

A monthly Strategic Board chaired by the Leader of the Council is responsible for monitoring the overall progress of the programme as well as allocating resources from the Delivering Differently Reserve which was set up to support the programme.

Medium Term Financial Strategy and Plan – MTFS/MTFP

In September 2016, the Council reported as follows:

Council has agreed a Medium Term Financial Strategy (MTFS) - for the revenue and capital budget over the three year period 2016/17 to 2018/19. The MTFS sets out the Council's strategic approach to the management of its finances. It details the resource projections for the forthcoming three years, the financial challenges that the Council faces and the approach planned to meet the priorities set out in the Council Plan. It also comments on the significant risks facing the Council in the forthcoming years and explains what the Council is doing to reduce these risks. The purpose of the Medium Term Financial Strategy is to ensure that the overall vision, objectives and outcomes sought for the local community are affordable within the resources that are available or likely to be available in the medium term. The MTFS is also designed to ensure the Council continues to maintain a stable and sustainable budget capable of withstanding financial pressures. This position is becoming more difficult as funding continues to reduce at the same time as pressures are escalating.

The Medium Term Financial Plan (MTFP) set for the start of the 2015/16 financial year covered three years, however there were major gaps in balancing the budget for years two and three. This has also been highlighted in the external auditors VFM opinion. This approach had been led by the previous senior management team and was a style which had manifested for some years. Development of the 2016-19 MTFP continued throughout the year with the new senior management team and Cabinet setting a key principle to deliver a balanced position for all of the forthcoming three years. At our request, the Leadership and Senior Officers met with Government Ministers in September 2015 to discuss the financial position. An LGA Finance Review took place during the autumn of 2015, which confirmed the position and that extremely difficult decisions would be required. Further work was undertaken which led to a three year budget consultation process between November 2015 and January 2016 and Council set a balanced three year budget at its meeting in February 2016.

Updated: February 2017

In December 2016, the Council undertook a budget consultation process to deliver a further three year budget.

Cabinet recommended the budget to Full Council at its meetings on 15 February 2017.

Full Council will be asked to set this three year balanced budget at its meeting on 1 March 2017.

Internal Audit

Since January 2012, the Council's internal audit service has been provided by the Central Midlands Audit Partnership - CMAP. This is a shared services partnership between Derby City Council, South Derbyshire DC, Derby Homes, Ashfield DC, Amber Valley BC and Derbyshire Fire Authority.

The Council pays an annual contribution to CMAP to deliver the internal audit service. The level of the contribution determines the number of days of audit that the Council receives each year. Over a 2 year period the Council reduced its contribution to CMAP and consequently the number of audit days provided to the Council was reduced.

As a result, the Head of Governance and Assurance (Chief Internal Auditor) stated in his 2014/15 Annual Audit Opinion that "the level of coverage provided by Internal Audit was considered minimal". This was noted by the Council's previous External Auditor (Grant Thornton) who made a recommendation to the Council to ensure it has the appropriate level of internal audit coverage.

Based on the audit coverage to date in 2015/16 and the projected planned audit coverage for 2016/17, the Head of Governance and Assurance remained concerned that this may not provide him with sufficient information to determine an overall audit opinion for the Council in future years.

The Chief Executive, the s151 Officer and the Monitoring Officer identified a need to increase internal audit coverage to one that is appropriate to meet the governance challenges being faced by the Council and to take into account the issues raised in the last two Annual Governance Statements. As a direct response to the need to enhance corporate governance, the Chief Executive also wanted to see a wider probity approach within the Council, driven by greater internal audit work in this area. This has resulted in the contribution to CMAP being increased from 2016/17 to enable an additional 400 extra internal audit days each financial year. The Council's Chief Executive, S151 Officer and Monitoring Officer have requested that Central Midlands Audit Partnership provides Derby City Council with additional Internal Audit coverage with immediate effect to bolster the Council's governance arrangements.

Updated: February 2017

To accommodate the additional 400 days, recruitment has been successful and a further four Auditors have joined CMAP.

The coverage of the increased Audit Plan is reviewed regularly by the s151 Officer, Monitoring Officer and the Chief Internal Auditor, the Audit Manager and the two Assistant Audit Managers. This information is shared with the Head of Paid Service.

Improving resilience in the Governance Department

In September 2016, the Council reported as follows:

In September 2015, the Council brought together all its assurance functions (other than finance) into a single Department led by the Monitoring Officer. This has created a strong and cohesive Department, made up of professionals from various disciplines, to work together to improve and embed good governance. The teams within the department work together to identify areas of weakness and deliver improvements which benefit the Council and its residents.

A: Risk Management and Insurance Team

As reported in September 2016, it was recognised in 2014/15 that a proactive attitude towards risk management was required and that there were insufficient resources to deliver a best practice insurance and risk function. Therefore, the Council made additional resources available to increase the establishment of the Insurance & Risk Section from 1FTE to 4 FTE. The recruitment to the new structure was completed in October 2015.

A work plan was developed for the team from 1 January 2016. This was based on three key objectives:

1. Establish a greater presence within the authority
2. Review all insurance and risk management processes and data within the section correcting and improving where needed.
3. Begin preparation for rolling out a continued system of continuing improvement.

The key developments in the year have been:

- The Risk Management handbook has been reviewed and revised and rolled out on iDerby (the Council's intranet)

- A new risk strategy has been written and will be issued in January 2017
- The Strategic Risk Register has been revised. Chief Officer Group has agreed the risks but requires further assurances around mitigating controls from the Departmental Management Teams and once received the Strategic Risk Register will be taken to Audit and Accounts Committee for approval.
- Links between Risk Management and the performance software DORIS are being implemented. The preliminary work for moving this forward has now been completed and is currently with the Insurance & Risk Team to liaise with the Performance team to fully implement.
- One of the objectives for the Governance Department is to roll out good risk management practices. To meet this, an alternate approach to risk management has been put forward by the Insurance and Risk Manager dealing with at an organisational wide level. This is currently being assessed for submission to the Governance Working Group and subsequently to Audit and Accounts Committee.

One piece of key work that has been carried out is around the valuations placed on council properties for insurance purposes. The issue has been the absence of a concise property list together with a lack of valid insurance valuations. The Insurance & Risk team has established an internal working group with Property Maintenance, Asset Management and Estates and Derby Homes to create an accurate list of residential and non-residential properties and to co-ordinate and arrange for the subsequent insurance valuations in time for the 2017/18 renewal. Although the project is still ongoing the data integrity exercise has already delivered efficiencies within the 2016/17 renewal, providing a reduction in premiums of £4,014.98 for residential properties and £24,991.84 for educational properties.

As part of the overall review on valuations the team has worked closely with Estates to clarify the responsibilities between the Council, its tenants and landlords resulting in a number of properties being removed from the property list which we anticipate will lead to further savings in premiums for both 2016/17 and 2017/18. Specific cover for glass has also been removed, resulting in a saving of £468.11 in premiums for 2016/17 as the responsibility for insuring the specific glass at this particular property was confirmed as not being the Council's responsibility. The exercise has also uncovered assets that were not, but should be insured.

The key improvements / developments within the insurance function are:

- An online insurance claim form has been devised which is due to go live by August 2016. This will be accompanied by online guidance to aid the public with their right to make a claim
- A data integrity exercise has been undertaken across a number of areas of insurance
- A review of the All Risk schedule has seen the removal of insurance for obsolete assets resulting in a saving in premiums
- Museum assets and Civic Treasures have also undergone a review and it was found that there was a duplication of cover wording as our Fine Art policy could also cover our Civic Treasures but these were being insured separately under an All Risk policy

- A review of our Motor Vehicle inventory has also been undertaken in association with Fleet Management
- A further exercise has been undertaken to review the current list of safes within the Council including schools
- We have completed a review of the claims process both internally and externally. The additional staffing resources have allowed for a more robust and proactive stance. All omissions are challenged quickly which has improved our response times and by extension will contribute to improved claim costs by way of reduced legal costs.

Updated: February 2017

Insurance

The valuation of Council properties for insurance purposes as detailed above has now reached a successful conclusion.

The Gleeds contract remained on track and came to a close on the 10 February 2017 as planned and the last of the 11 outstanding reports will be issued to us shortly.

Additional work given to Gleeds for the review of the 2015 ZM valuations has been put in motion as planned with an end date of the 10 March 2017. Once all the valuation reports have been returned for these additional properties the revised spreadsheet will be returned to both ZM and JLT for them to make any necessary amendments for the forthcoming insurance period.

These valuations will be crucial for the renewal programme and work is now being undertaken to ensure that the renewals remain updated regularly. Monitoring of this activity will ultimately be undertaken by the Governance Working Group.

i) Risk

The Council's Risk Strategy was issued in January 2017.

The Strategic Risk Register was taken to Audit and Accounts Committee on 30 November 2016.

The links between Risk Management and the performance software DORIS have now been implemented.

B: Information Governance Team

The Council has lacked resilience in the provision of information governance support for a number of years. With an increased focus on the risks around information and the potential of enforcement action/financial penalties from the Information Commissioner's Office (hereafter referred to as ICO) for non-compliance with legislation, the Council took the decision in 2014/15 to invest more resources in to the Information Governance Team.

The need to enhance the Information Governance framework within the Council was being highlighted through a struggle to maintain compliance with the requirements of both the Data Protection Act and the Freedom of Information Act. A new structure for an expanded Information Governance Team was in place in July 2015.

i) Freedom of Information activity

In February 2015, the Council received notification from the ICO that it wanted to ensure that the Council had adequate procedures in place for dealing with freedom of information requests. The ICO had produced an action plan which identified their concerns and set out a range of steps for the council to take. The purpose was not punitive but provided for the ICO to work with the Council to make sure that future freedom of information requests are handled properly.

The Council completed a six month monitoring period covering the freedom of information requests received and responded to for the period 1 March 2015 to 31 August 2015. The ICO stated that "*We are very pleased to see that the council has maintained a high rate of compliance with the statutory timescales for request responses. In view of this we are satisfied that the council's performance in this regard represents good practice and we will not be taking any further action in this regard.*"

Existing freedom of information processes have been mapped and, where possible, workflows have been optimised within the capability of the existing technology – the database can now automatically calculate the cost of processing FOIs, calculate additional 20 working day deadlines to consider Public Interest Tests, Environmental Information Regulation exceptions added and breach alert email process implemented (sent to Departments five working days before the response deadline).

This has resulted in improvements being made in both the time taken to log and process requests, as well as in the timeliness of responses received from business areas.

Under the Freedom of Information Act we are required to publish freedom of information responses in the disclosure log. This statutory function could not have been done with the current database. The Information Governance Team worked closely with the web team to develop / implement this functionality and now customers can search, view and download previously published freedom of information responses with supporting documentation. The published documents are available on Derby City Council's website.

Freedom of information templates have been reviewed / updated to ensure they meet ICO requirements. This has resulted in an improvement in the correspondence sent out to applicants.

ii) Data Protection activity

The number of information governance incidents is far too high. This presents an increased risk to the Council. The two key concerns are:

- the repeat nature of many incidents that suggests we are not learning and improving; and
- the specific nature of some incidents with the data put at risk.

In October 2015, the Council received feedback from the ICO in relation to 2 disclosures of personal data which happened in October 2013 and June 2014. The ICO decided “*not to take any formal enforcement action on this occasion. This decision is due to the particular facts of this case and the remedial measures set out by the Council, which we expect will be implemented in order to prevent any recurrence.*”

There has been a substantial upward trend in the number of Subject Access requests (hereafter referred to as SARs) received over the last 3 years as data subjects have become more aware of their rights to request personal information held about them. In addition potential claimants (in, e.g.: claims for compensation arising from having been in local authority care), their lawyers and others who perceive that the council may hold evidence relevant to them are making more use of SARs. In 2015, the Council received 69 requests.

To enable a consistent approach to the provision of personal data, the process has been centralised and is now carried out by the Information Governance Team. A combination of the increasing number of requests, the size of the files concerned and the complexity of the information held has meant that the Council is not always able to meet its statutory obligations of providing the information within 40 calendar days.

iii) Information Governance Policies

A comprehensive review and updating of all information governance policies commenced when the Information Governance Team became fully resourced. This is essential work as it is a key requirement for compliance with the NHS Information Governance Toolkit. Considerable progress has been made with consolidation and improvement of the policies. The following policies were reviewed and updated in 2105/16:

- Malware Prevention Policy
- Data Protection Policy
- Email Disclaimer
- Email and Internet Security and Monitoring Policy
- Fax Security
- FOI Complaints Procedure
- Freedom of Information Policy 2000
- Incident Communication Process
- Information Security Policy
- Information Sharing Procedure for requests from third parties
- Information Sharing Procedure for MP requests regarding Constituent's Personal Data
- Internet File Sharing and Collaboration Sites
- IS and ICT Procurement Process
- Remote or Mobile Computing Policy
- Network User Policy
- Privacy Notice – Children in Care and Looked After Children
- Procedure dealing with Subject Access Requests
- Software Licensing Policy

iv) Records Management

The majority of the Council's documentation on records management required reviewing and updating. In particular the Records Retention schedule was out of date and no longer matched the structure of the Council. A review of the schedule was the key task for the Information Governance Team in 2015. A comprehensive document retention schedule has been drafted.

v) Other notable progress on Information Governance issues:

- NHS Information Governance Toolkit – a review has been undertaken of what is needed. Information Asset Owners have been identified
- A review was undertaken around the Council's secure mail (Egress) to remove unused accounts and check costs
- Data Protection page on the Council's website was update and re-formatted
- New Data Protection incident e-form produced and included on iDerby (the Council's intranet) for employees to report 'data protection' breaches.

C: Legal Services

Since the last Annual Governance Statement in 2015, the Legal Service has grown to meet a number of corporate challenges the most significant of which was the need for added resilience. In areas such as child care and supporting the adult welfare and education service functions, significant sums were being paid out by way of external legal support because the service did not have sufficient internal resources to meet demand. The same concerns were apparent in supporting the Information Governance Team due to the significant increases in the numbers freedom of information, environmental information and subject access requests.

Within the last year, the service has benefited from investment that has seen a rise in the number of FTE equivalents from 22.3 to 29, and which has seen an additional solicitor post created to supported the adult welfare and education function, two additional child care lawyers, the creation of a new Legal Officer post to support the information governance function as well as two additional members of staff to support the property, contracts and commercial work being generated by Derby Enterprise Growth Fund and other central funding streams within the city.

D: Restructuring of the HR function

The Council's HR function has, for some time, been subject to prolonged periods of instability and uncertainty. The Chief Executive has proactively supported the team initially through interim arrangements for management and leadership, but the medium to long term aim of delivering a fit-for-purpose service which anticipates and meets the Council's rapidly changing needs. What had become apparent was that the structure of HR did not serve the Department or its customers well and consequently was not delivering value for money.

As part of the new Governance Department a refreshed structure was implemented on 1 June 2016, which does facilitate and encourage forward thinking and offer resilience, whilst also being affordable, and able to support the Council to achieve its objectives and future business needs as it evolves.

Equal Pay for work of Equal Value

A major task for the HR function was to fulfil the requirements of the “Green Book” by moving to a legally defensible method of grading roles and consistent terms and conditions of employment for 6300 Council and School employees. This was successfully introduced on 1 June 2016 and significantly reduces the risk of successful Equal Pay claims.

Updated: February 2017

A number of areas within the Governance Department are likely to undergo some degree of transformation in order to meet the changing demands and to ensure resilience and effectiveness is maintained.

Most notably Internal Audit, Information Governance and to a lesser extent, Risk and Insurance Teams, will be reviewed in the first tranche.

As detailed within this Annual Governance Statement, the Director of Governance and Monitoring Officer has taken on board the concerns highlighted by Ernst and Young in recent reports provided to Audit and Accounts Committee and has appointed an advisor to assist with the concerns relating to effectiveness of the Chief Internal Auditor's role. Simultaneously, work is also being progressed in readiness for the External Assessment of Internal Audit / CMAP which needs to occur during 2017.

All involved in delivering CMAP will be invited to fully participate in this piece of work and progress updates and outcomes will be reported to Audit and Accounts Committee.

Planning for Phase 2 of the restructure of HR is in early stages of development.

Local Code of Corporate governance

The Council approved the adoption of a local code on corporate governance, based on the original CIPFA / SOLACE corporate governance framework in July 2002. The current version was approved in November 2012 based on the CIPFA / SOLACE "Delivering Good Governance in Local Government" Framework. The April 2015 revision to the Local Code was put on hold until the publication of the 2016 Edition of the Framework. The Local Code is currently undergoing a complete re-write to reflect the changing environment in which local government now operates.

Updated: March 2017

The Council has updated the Local Code of Corporate Governance and it will be considered by Audit and Accounts Committee on 29 March 2017.

Information Governance training

In September 2016, the Council reported:

It was reported in the 2014/15 AGS that the Council had received notification from the Information Commissioner's Office (ICO) that it wanted to ensure that the Council had adequate procedures in place for dealing with freedom of information requests.

The ICO had produced an action plan which identified their concerns and set out a range of steps for the council to take. One of the steps was that the Council would "*ensure that all employees who deal with correspondence, or otherwise may be required to provide information, are familiar with the requirements of the FOIA, the EIR and associated Codes of Practice, and that appropriate training is provided*". The Council had mandatory training in place for employees around information governance, but no FOI/EIR specific training. The Council procured freedom of information specialist advice from Geldards LLP to produce and deliver the training. The training was delivered to employees in September 2015.

In December 2015, specialised training was procured on the roles of the Senior Information Risk Owner (hereafter referred to as the SIRO) and the Caldicott Guardian. The SIRO, the respective Caldicott leads for Adult and Children's services and all members of the Information Governance Team attended the training on the roles and responsibilities holding such positions entails. The Council may need to consider similar training for Information Asset Owners in 2016.

The mandatory e-learning courses for both staff and Elected Members on information governance and data protection continued to be a priority for 2015/16. This was to meet a requirement following the ICO's consensual audit of the Council in 2012.

Updated: February 2017

The Council's Data Protection and Freedom of Information policies have been recently updated and there is a mandatory requirement for all staff to update their e-learning for these areas.

Inspections and Assessments

In September 2016, the Council reported:

Over the past 12 months, the Council has undergone the following inspections:

- Adult Learning Service (January 2016 – outcome good)
- Youth Offending Service (June 2015 – no overall judgement)
- Review of health services for children looked after and safeguarding (including some services commissioned by the Council) – (July 2015 – no overall judgement).

In 2016 / 17 we are expecting several unannounced inspections of Children's services, including the Single Assessment Framework covering services for children in need of help and protection, looked after children and care leavers. The Director of People Services led an internal "Mocksted" assessment in April 2016 to support inspection readiness and improvement planning in this area.

We continue to participate fully in the Sector Led Improvement programme and undertake self-assessment, benchmarking and peer review activity on a regular basis. No peer challenges were held in 2015/16 but a number are planned in 2016:

- Adult social care (Preparing for Adulthood) – July 2016
- LGA Pilot of Child Sexual Exploitation – July 2016
- LGA Corporate Peer Challenge - September 2016
- Children's Services (Special Educational Needs & Disabilities) – September 2016.

Inspections across People Services

Derby City Council's services for both children and young people and adults, including commissioned services and providers, are subject to regular external scrutiny by various inspectorates including; Ofsted, CQC and HMI Probation. Preparing for an inspection is essential to achieving a successful outcome as it promotes internal self-awareness and allows corrective action to be taken as and when it is required to deliver improvements in both the quality of services and outcomes.

Services for children and young people is a highly regulated area comprising largely of statutory services all of which are subject to external inspections by Ofsted, CQC or HMI Probation, as follows:

- Services for children in need of help and protection, looked after children and care leavers (the SIF – Single Inspection Framework). The frequency is once every three/four years (commenced in 2013) unless judged as 'inadequate' when authorities will be re-inspected within 12 months following a period of intervention. Derby is anticipating an inspection to take place within the next three to six months (September 2016 – March 2017). In terms of current inspection judgements, the last inspection of child protection services carried out in 2012 judged services to be good; looked after children's services were judged adequate as part of the Safeguarding and Looked After Children inspection framework in 2011 (which the SIF replaced); and fostering and adoption services were both judged good respectively in 2011 and 2009 (both fostering and adoption are now included in the SIF).
- Services for children with special educational needs and disabilities - a new inspection framework introduced in May 2016 with local area inspected once within a three year Cycle
- Youth Offending Service inspections can either be full inspections or short quality inspections focusing on certain aspects of the service. Derby received a Short Quality Screening questionnaire in 2014 and the outcome was positive (narrative judgement rather than a graded judgement). The last full inspection was carried out in 2012 where Derby was judged to be 'low risk'.
- School Improvement Service is a risk based inspection so not all authorities will receive an inspection – Derby hits a number of the triggers for an inspection (in terms of educational progress and outcomes) so there is a medium risk that the authority might receive an inspection.
- Children's Residential Homes are inspected twice yearly and all Derby run children's homes have been judged good by Ofsted.

In terms of Adult Services Inspections, compliance with essential standards of quality and care based on the Health and Social Care Act is an important requirement for all residential and nursing care homes in England and Wales. Individual locations and providers are registered under the Act and inspected according to CQC's inspection programme.

Derby Children's and Adult Services Independent Test of Assurance 2016

In November 2016 at the invitation of the Chief Executive and Strategic Director of People Services, the Local Government Association (LGA) carried out an independent Local Test of Assurance (LAT) Review. The overall aim of the review was to test assurance around the capacity of the Council to support the new joint People Directorate with particular assurance around whether children and adult statutory duties were met. The review was carried out by two members of LGA, one of whom was a former Director of Children's Services and the other a former Director of Adult Social Services. The review process included a desk top review of key documents; interviews with the Cabinet Member for Children and Young People and Safeguarding (the statutory Lead Member for Children's Services as defined in the 2004 Children Act) and the Cabinet Member for Adult Social Care and Integrated Health; the Chief Executive; Strategic Director for People Services; Service Directors with responsibility for adult and children's services and the Council's Monitoring Officer. In addition, a focus group was held with front line staff across adult services and there was observation of People Services DMT.

Overall the requirements of a local test of assurance were met in that the range of statutory duties, accountabilities and effective partnership working were evidenced. Adults and children's services were both seen to have a track record of using self-assessment, sector led improvement, internal and external challenge and scrutiny to improve the offer to Derby residents. This was all within a context of clear arrangements for the oversight of safeguarding children and adults at a political, organisational and partnership levels.

Care Homes

At the end of December 2015, 74% of care homes within the city were fully compliant on all required inspection standards, which is above the national CQC benchmark of 65%. The full compliance measure is quite a high bar for performance because at any given time all care homes need to be compliant with all inspected standards. This penalises those homes that have CQC improvement actions identified on some inspected standards and are subsequently compliant in those standards at a later date. A home could be compliant in four out of five inspected standards but would not be considered fully compliant.

To overcome this, an alternative way of looking at compliance is to take into account all inspected standards that care homes are compliant with. The overall compliance picture is more positive with 92.5% compliance on all inspected standards in all homes on the old system of inspection.

Home Care Agencies

Home care agencies have performed well on the old inspections regime with a rating at the end of December 2015 of 85.7% with 36 out of 42 agencies fully compliant with all standards.

In the Adult Learning Service inspections are completed on a three - five year cycle according to risk. The service was last inspected by Ofsted in 2015 and judged good.

Updated: March 2017

The People's Services Directorate is currently undergoing the Ofsted's full inspection of services for children in need of help and protection, children looked after and care leavers, which is an unannounced inspection. It is anticipated that this will conclude at the end of March 2017.

INTERIM REPORT

5. Review of Effectiveness

Under normal circumstances the Governance Working Group would review the effectiveness of the Council's governance framework including the system of internal control on an on-going basis. Given the impact of the governance issues outlined in the 2013/14 AGS and the extensive overhaul of the governance framework, a full review of effectiveness is still impracticable. However, there are certain key elements of the governance framework that have been operating. These include:

The responsibilities of the Head of the Paid Service for the Council rest with the Chief Executive. The Head of Paid Service is responsible for the overall corporate and operational management of the Council.

Effective arrangements are in place for the discharge of the role of the Chief Finance Officer as defined under Section 151 of the Local Government Act 1972. This Officer has statutory responsibility for the proper planning, administration and monitoring of the Council's financial affairs. The Council's financial management arrangements also conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). This statement sets out 5 principles that define the core activities and behaviours that belong to the role of the chief financial officer and the governance requirements needed to support them. The financial management of the Council is conducted in accordance with the Financial Procedure Rules set out in the Council's constitution. The financial management system includes...

- A Medium Term Financial Strategy, which is reviewed and updated annually, to support the delivery of the council's Strategic Priorities
- An annual budget cycle incorporating council approval for revenue and capital budgets, as well as treasury management strategies
- Financial Procedure Rules that are reviewed at intervals of not more than three years, with the latest review having been carried out during 2015/16
- Process and procedure guidance manuals
- Annual Accounts supporting stewardship responsibilities, which are subjected to external audit and which follow Code of Practice on Local Authority Accounting in the UK in line with International Financial Reporting Standards
- Regular budget monitoring by budget holders including monthly financial forecasting
- Reporting of the Council's financial position to COG and Members, stating financial and performance information
- Management of risk in key financial areas.
- Effective arrangements are in place for the discharge of the Monitoring Officer function. The Constitution covers the key statutory role of the Monitoring Officer; it also includes the requirement for the Council to ensure that the Monitoring Officer has access to sufficient skills and resources to deliver the role. The Monitoring Officer has confirmed that she has the skills and resources needed and continues to monitor this. There is a specific job description and person specification for the Director of Governance and Monitoring Officer which reflects the Monitoring Officer duties.

- The Council's internal audit coverage, which is planned using a risk based approach. The outcome from the internal audit coverage helps form the Head of Governance and Assurance's Audit Opinion on the overall adequacy of the Council's internal control framework, which is reported in their annual report. The Head of Governance and Assurance complies with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2010). The above statement contains 5 principles split into:
 - Governance requirements
 - Core Head of Internal Audit responsibilities
 - Personal skills and professional standards.

The Council has set out the terms of reference for internal audit; these were reviewed in March 2014, by the Audit and Accounts Committee, and approved by Council on 11 June 2014.

- The Council has in place key internal management processes, such as performance monitoring and reporting; monitoring of policies, such as the customer feedback and health and safety policies; and the corporate budget challenge process.
- The Council has Scrutiny Commissions in place to provide "challenge" to the Cabinet.
- The Council's Constitution is reviewed and updated annually. During 2015 / 2016 a comprehensive review of the Council's Constitution has been undertaken. The refreshed Constitution now fully reflects the senior management restructure launched in 2015, has an updated Scheme of Delegation and revised Financial and Contractual Procedure Rules.
- The Council has established systems in place for receiving whistle blowing complaints and general service based complaints.

External review

The Council's External Auditor reports the findings of their interim audit work and the impact of their findings on the financial statements to Audit and Accounts Committee. They also review the work of the internal audit service and provide comment on corporate governance arrangement and performance management in their Annual Audit Letter and other reports.

Effectiveness of Audit and Accounts Committee

In September 2014, the Audit and Accounts Committee established a sub group of 3 Elected Members to carry out a self-assessment of its effectiveness using the Chartered Institute of Public Finance and Accountancy (CIPFA) self-assessment checklist. The then Chair reported back to the Committee in December 2014 with a completed self-assessment and an action plan to address the areas for improvement. The Council recognises the need for Members of the Audit and Accounts Committee to have a stronger knowledge of the role and responsibilities of the Committee and the issues that are presented to them.

However in 2015, as a result of a newly appointed Chair and the majority of Members being new to the Committee in 2015, it was not possible to complete the self-assessment within the meetings timeframe allowed during this year. However, Members were encouraged to prioritise attendance at the induction session. Members are also encouraged to take advantage of courses run by local Accountancy firms tailored for Audit Committee members. The next review of effectiveness is scheduled for December 2016.

Updated: February 2017

As aforementioned, the Director of Governance is working with the Chair of Audit and Accounts Committee to improve the effectiveness of the Audit and Accounts Committee.

As local elections in Derby occur three years out of every four, the stability and membership of this Committee has the potential to be diluted.

The historical governance concerns as highlighted in the Report in the Public Interest (published in June 2016) and more recently the feedback received from Ernst and Young has brought into focus the need for committee members to be challenging of the Council's business.

The Learning and Development Day on 23 January 2017, offered members an in-depth analysis of the work undertaken by Internal Audit and how that contributes to the strength of internal controls across the organisation.

Ernst and Young were also able to provide key information about their role when working with the Council.

The Cabinet Member with responsibility for governance was also able to offer his thoughts to the committee to support non-political, cross-party robust challenge. The Cabinet Member now also attends Audit and Accounts Committee meetings so that he too, can be challenged on his work.

It is envisaged that Learning and Development sessions will become a key part of the mandatory training for members appointed to the committee.

The Chair of the Committee has also suggested that more frequent meetings would be advantageous.

A formal review of effectiveness will occur as part of the current planning for the External Assessment of Internal Audit (CMAP).

Statement of Accounts 2015/16

Due to the need to address governance issues exposed as a result of a whistleblowing investigation in relation to asset valuations, the work to produce the draft statement of accounts was delayed. This led to late submission of the draft statement to our external auditors and the statutory deadlines of: 30 June submission and the first 10 days of July inspection timelines were not met. Following the release of the draft statement, the length of public inspection was adhered to.

Work has been progressed throughout the audit period and is still ongoing, therefore the Council will not meet the 30 September 2016 deadline for approving the final 2015 / 16 statement of accounts. We have yet to receive an audit opinion on the draft statement and therefore cannot submit a final set of accounts for approval by the Audit and Accounts Committee. Significant issues have arisen within the processes undertaken to prepare asset valuations, as recognised by the Council earlier this year and backed up by the testing the External Auditors have completed to date. We are in the process of finalising our validation work so that External Audit can continue their testing. Whilst this creates a governance issue, it reflects the position the Council is taking over strengthening our overall governance. External Audit have acknowledged the improvements made so far, but more work needs to be undertaken to ensure that our asset valuation processes are more robust. Actions to address this for the 2016/17 valuation process and being drawn up.

In addition, external audit have highlighted a number of control weaknesses as part of their audit work. In some areas of testing, it has proved difficult to provide evidence to support the balances within the statement of accounts. Other areas of weakness around reconciliations and systems have also been highlighted. We will develop a full action plan to improve on these issues when we have finalised the outstanding work, and in preparation for the 2016/17 audit.

As a result, external audit anticipate providing an adverse opinion on their VFM conclusion.

Updated: February 2017

Following the interim statement of accounts update from our External Auditors in September 2016, a number of key actions have been implemented, including:

- a detailed action plan to address the specific points raised in the interim report
- preparation of an assurance framework for future 'Audit Readiness'
- setting up of an Assurance Group to guide future audits
- additional Quality Assurance resource to the process
- development of key audit contacts across the Council to manage future dialogue with our external auditors and to avoid confusion
- updated statement guidance notes to officers across the Council to ensure that the requirements of External Audit for 2016/17 are met
- weekly meetings, led by the Section 151 Officer, with the Estates Team to prepare revised valuations for 2015/16 audit testing
- daily tracking of valuation entries for the asset register which feeds into the revised statement for 2015/16
- a report prepared by the Estates Team to give assurance to the Section 151 Officer, and the External Auditors, of the steps taken to provide robust valuations for 2015/16 and an assessment of the work to be concluded for the 2016/17 valuations.

Asset Valuations

In September 2015 a whistleblowing allegation was made about the robustness of the methodology used for valuing assets within the Estates team as part of the annual accounts process. An internal review carried out found that the work completed on the Asset Valuation Programme to date was not fit for purpose and was not in a position to be validated and subsequently the entire 2015-16 programme had to be revisited.

The review identified issues around :

- Data Integrity
- Resourcing
- Asset Valuation Process

These areas of concern have been addressed and significant improvements have been made to increase the integrity/consistency of the valuations. Given the time pressure involved to complete the work, it was acknowledged that further improvements would be required in future years in order to ensure the accuracy of the Council's portfolio is reflected in the balance sheet.

As a result of these weaknesses, the external auditor concluded, as part of the interim statement of accounts in September 2016, that the Council has been unable to provide sufficient appropriate evidence to support the completeness, existence and valuation of the property, plant and equipment held in the balance sheet at 31 March 2016. This work is ongoing as part of the completion of the 2015-16 audit and improvements are being incorporated into the 2016-17 programme.

Discussions have taken place between the Council's Asset officers and the Council's External Auditor, Ernst Young have reaffirmed the importance of ensuring the required improvements are incorporated into the 2016-2017 Asset Valuation Programme, particularly around the non-housing stock valuations.

The Estates Team have also implemented the following...

- commissioning of additional internal and external resources to enable the completion of the 2015/16 valuations programme and the delivery of the 2016/17 valuations programme
- establishment of detailed monitoring systems to review progress through the various technical and quality assurance stages of the work
- weekly Estates team meetings to progress and monitor the 2016/17 valuations programme.

Property Valuations for Insurance Purposes

There have been significant issues identified with the property list provided to the Insurance Team as part of the annual insurance renewal. In March 2014, it was found that some major properties were no longer included on the annual list, although they had been at the time of the insurance tender in March 2012. Other concerns with the property list were that the valuations were either

- Out of date;
- Missing completely; or
- Had been taken from the fixed asset register and the methodology adopted is not adequate for insurance purposes.

Since the errors in the list were discovered, the Council has worked closely with the insurer, Zurich Municipal, to find a solution to obtaining accurate insurance valuations in a timeframe acceptable to the insurer. The Council retained external quantity surveyors to carry out a programme of insurance valuations on Council Properties. These valuations have now been completed.

Updated: March 2017

The contract for the independent Reinstatement Cost Assessments (RCA) of the Council's General, Educational, Commercial and Residential properties was completed on 10 March 2017. The external firm surveyed 333 properties and provided individual RCA reports on each property. An updated property list was completed and forwarded to Zurich Municipal. The surveys have resulted in an increase in the sums insured. This work means that the Council now has up to date valuations in place for insurance purposes.

Education, Health and Care Plans

In September 2016, the Council reported:

The education reforms for children and young people with special educational needs and disabilities became law on 1 September 2014 via the Children and Families Act. This aimed to offer consistent and simpler help for children and young people with special educational needs and disabilities and their families / carers from birth through to the age of 25 years. There were a number of key features in the act which all local areas (not just the local authority) were required to respond, one of which was the introduction of EHC (Education Health Care) plans. This is a plan which captures the support from health, social care and education providers for children and young people with special educational needs and disabilities.

The EHC plans replaced the statement of special educational needs, and cover young people from birth to age 25. There are a number of individual duties within the act to direct how the plan should be developed and reviewed. Significantly, the act allows Local Authorities 20 weeks to compile an Education and Health Care Plan for a young person if they are eligible for a plan.

This is a reduction in the time compared to 26 weeks which was allowed for a statement of special educational needs. In order to complete an EHC plan, the local authority needs to gather the support which health, social care and schools / colleges will provide for the child or young person.

The local authority has not fully met statutory timescales in producing statements of EHC plans. This has largely been due to a lack of capacity in assessment functions as a result of cuts the Council has made to the service over the past five years. However, over the past 12 months the Council has put additional capacity into the assessment service and performance is now beginning to slowly improve in terms of converting previous Special Educational Needs (SEN) Assessments to EHC Plans, and managing the demand for new EHC Plans. It should be noted that where previous SEN Statements have not been converted they are still valid and support continues to be provided to children and young people.

Over the past 12 months senior officers in the assessment service have strengthened communication with parents and carers through the SEND and Disabled Commissioning Group, Parent Liaison Group and Parent-Carer Forum; this has been positively received. In addition, there has been a strong emphasis from officers on individual and personal contact with parents about the status of their child's EHC Plan and in May 2016 all parents awaiting a conversion or new assessment were written to advising them of the challenges and timescales.

There has also been two drop-in sessions for parents with more planned in different localities throughout Derby.

The education reforms for children & young people with special educational needs and disabilities came in to force on 1 September 2014. One of the key features was the introduction of EHC (education, Health and Care) plans within 20 weeks.

Updated: February 2017

The EHC plans replaced the statement of special educational needs and covers all young people from 0-25 years. The 20 week timescale is a reduction from the previous 26 weeks allowed under statements of special educational needs and the local authority must gather the support which health, educational and social care all provide for a young person and capture this within a plan.

Over the past 12 months significant investment has been made in to the Vulnerable Learners Service. This is the service which co-ordinated EHC plans. Between September 2016 – January 2017, there were 113 requests for statutory assessments and 14 plans have been completed within 20 weeks. This is 100% of those eligible for completion. Significantly, all plans are currently on course for completion within the 20 week timescale. Similarly, the backlog of old assessments still waiting to be undertaken has also substantially reduced.

A challenge still remains in converting of educational statements of special educational needs to new EHC plans. In order to address this, the council is seeking to procure additional capacity to ensure that these are addressed.

Electoral Fraud

In September 2016, the Council reported:

There has been one successful conviction for election fraud arising from the May 2016 Local Elections. The successful candidate for Allestree Ward, Richard Smalley, resigned from his seat shortly after the election and was subsequently charged and convicted of an offence pursuant to s13D Representation of the People Act 1983. On 23 August 2016, Mr Smalley received a custodial sentence and one year probation upon release.

Two other allegations of election fraud are still being investigated, both of which have arisen from the May 2016 Local Elections.

Updated: March 2017

In February 2017, the Crown Prosecution Service decided not to pursue one of the two election fraud investigations outstanding from the May 2016 local elections.

During January 2017, and February 2017, the Council's Returning Officer and Electoral Registration Officer has attended the SOLACE Annual Elections Conference, the Police National Conference on Electoral Fraud and Prevention and the Association of Electoral Administrators National Conference to share the Council's best practice on elections integrity planning.

The Returning Officer and Electoral Registration Officer continues to build on the strong relationships with Derbyshire Constabulary, the Cabinet Office and the Electoral Commission to ensure all elections-related procedures are robust and demonstrate best practice.

The Council held a by-election on 9 March 2017 in the Derwent Ward following the death of a Ward Councillor.

Role of Chief Internal Auditor

In September 2016, the Council reported:

The Head of Internal Audit (Head of Governance and Assurance) reports his Annual Audit Opinion to Audit and Accounts Committee based solely on 2015/16 internal audit work. He reached the overall opinion that “there is an acceptable level of internal control within the Council’s systems and procedures”. This opinion had regard to the following:

- The level of coverage provided by Internal Audit was considered minimal. Please note, the Council's Chief Executive has procured additional audit coverage from CMAP for 2016-17.
- No reports provided a ‘Limited’ control assurance rating; all areas examined were judged to be either ‘Comprehensive’ or ‘Reasonable’.
- There were no ‘critical risk’ recommendations made and only 3 recommendation attracted a ‘significant risk’ rating within any audit reports issued in 2015-16.
- There were no adverse implications for the Authority’s Annual Governance Statement arising from any of the planned work that Internal Audit has undertaken in 2015-16.
- We have commenced 3 investigations during 2015-16, but none have identified significant weaknesses in the Council’s governance and risk management arrangements.
- The Monitoring Officer continues to demonstrate an effective level of challenge to the Council’s decision making processes which has ensured the activities of the Council have been lawful.
- All of the issues raised within the internal audit reports have been accepted.
- During 2015-16, Internal Audit assisted Grant Thornton in its investigation of the significant governance weaknesses identified during 2014-15. It is perceived that these weaknesses have started to be addressed during 2015-16; with a greater focus being placed on the Council's Governance arrangements. As a result, significant resources have been input to the Council's Information Governance, Risk Management and Insurance services.

However it is noted that Ernst & Young have recorded the following opinion in their External Audit Progress Report dated 23 September 2016:

*“Annually the Head of Internal Audit is required to form an opinion on the adequacy and effectiveness of the Council’s overall internal control environment. For the 2015/2016 financial year the Head of Internal Audit’s opinion is that “there is an acceptable level of internal control within the Council’s systems and procedures”. **We disagree with this view primarily for the following reasons:***

- *The Council was unable to publish its draft statement of accounts for the year ended 31 March 2016, in line with the statutory deadline of 30 June 2016;*
- *The Council has been the subject of a report in the public interest in the period and several matters discussed in the report are ongoing for the least part of 2015/16;*
- *Significant and widespread control failings with respect to the management of the Council's fixed asset register (and associated valuations) have been identified as a result of the work that the Council's Estates Team has been performing over the latter part of 2015/16 financial period (as set out in this progress report);*
- *The widespread instances of control weaknesses we have noted throughout our audit procedures, as documented, in this progress report; and*
- *The significant issues that have been identified with respect to the Council's arrangements for securing value for money (as set out in section 4 of this progress report) and which lead to an adverse conclusion being drawn".*

The Director of Governance, in partnership with the Chair of Audit and Accounts Committee, has also commenced a learning programme for the members of the Audit and Accounts Committee. A Learning and Development Day took place on 23 January 2017, and covered a wide range of topics which sought to encourage and empower the Committee to offer a greater degree of challenge and thus demonstrate more robust effectiveness. The day also included a presentation from Ernst and Young.

The Chair of Audit and Accounts Committee is now seeking Council approval to have annual mandatory training for all Elected Members appointed to sit on the Audit and Accounts Committee.

7. Significant Governance Issues

Previous years

As detailed within this Annual Governance Statement, progress has continued to be made against the issues raised in the 2013 / 2014 and 2014 / 2015 Statements. This can be evidenced via the detailed work undertaken by the Governance Working Group.

Grant Thornton has now issued certificates relating to the 2013 / 2014 and 2014 / 2015 Statements of Accounts.

Matters relating to 2015 / 2016

Report In The Public Interest Audit of Accounts 2013 / 14 and 2014 / 15 – Governance issues

Grant Thornton issued a Report in the Public Interest under Section 8 of the Audit Commission Act 1998 (the 1998 Act) on 16th June 2016. This is a detailed report which addresses Grant Thornton's identified failures of governance during the accounting periods 2013/2014 and 2014/2015 at Derby City Council in the management of major projects and in relation to Member conduct, specifically in relation to:

- the implementation of Job Evaluation
- the delivery of the Webhelp project
- the operation of the Taxi Licensing function
- the implementation of the HRIS payroll project; and
- overall governance: Member and officer arrangements.

The Council formally accepted the Report in the Public Interest at a meeting of Full Council on 1st July 2016, whereupon the Administration shared its Action Plan to actively respond to the 12 recommendations. Whilst the Report specifically notes the issues as detailed above, the active decision has been taken to ensure the learning from this Report is shared as broadly as possible across all aspects of the Council's governance and assurance functions, processes and procedures.

Job Evaluation

As has been reported, the Council implemented job evaluation on 1 June 2016 using the Hay methodology across all 'Green Book' employees in non-schools and schools-based locations.

To date, the Council is not involved in litigation directly arising from implementation.

Taxi Licensing

In September 2016, the Council reported:

The Licensing Authority at Derby City Council considered in detail the Casey Report and assess whether or not the Rotherham issues existed in Derby, had existed or were likely to exist in Derby and to come up with proposals as to how to address any such identified issues.

Member Training 1 June 2015

At the yearly member training session which was delivered on 1st June 2015 officers highlighted to members of the taxi licensing committee the issues raised in the Casey Report and whether there were any parallel's to Derby and what we were doing / proposed to do to rectify this.

Report to Licensing Committee 2 July 2015

Following on from the Member Training in June 2015 the Licensing Team then took a report to Licensing Committee on 2 July 2015 detailing the Review of Derby City Council's Licensing Administration System Following Casey's Rotherham Metropolitan Borough Council Report Outcomes. Within this report were a number of recommendations to address the identified issues, specifically –

1. Approve the information sharing protocol

Derby already had a comprehensive multi-agency strategy which sits under the children's safeguarding board and an operational working structure which works well to address risk for individuals. It was identified that more work is needed to ensure the licensing service is integrated into the joined-up, strategic approach to CSE. Inter-Departmental Licensing (Safeguarding) Information Sharing Protocol was therefore drafted to enable potential barriers to information to be broken down.

2. Approve the revised Taxi Licensing Sub Committee Guidelines

We took the opportunity to consider whether the policies in place were fit for purpose. It was determined that the Sub Committee Guidelines would benefit from a redraft to ensure that decisions were more consistent and that our approach to dealing with such matters were transparent to all parties in the process.

In addition to this Officer Recommendations were reinstated on subcommittee reports again with a view to consistency of decision making.

3. Recommend to Council an amendment to the Constitution to increase the number of Members who sit on Taxi Licensing Sub-Committee meetings from three to five.

The decision to increase the number of Members who sit on Sub Committee panels was considered an appropriate step to reduce the likelihood of panel nobbling by drivers prior to their appearance at subcommittee hearings.

4. Recommend to Council an amendment to the Constitution to delegate powers to officers to deal with applicants and existing licence holders who are subject to immigration controls.

This was to drive up efficiency so that panels would not need to be convened to deal with a matter which would always result in revocation.

5. Recommend to Council an amendment to the Constitution to restrict those Members that have previously held taxi licences from sitting on Licensing Committee.

This recommendation was to deal with the potential for bias on the part of previously licensed members now sitting on the committee.

6. *Recommend to the Monitoring Officer, amendments to the Member Code of Conduct to restrict:*

- *contact from Members the purpose of which is to influence the processing of individual applications*
- *Members making representations on behalf of the trade or individual drivers at sub-committee hearings*
- *diluting regulatory standards after representations from the trade.*

It was felt appropriate to include within the Code of Conduct specific reference to member interventions on taxi licensing issues, so that if such incidents occurred there could be redress through the Standards Committee on the member concerned.

On 22 July 2015 a report was taken to and accepted by Full Council to formally approve the above. On 12 November 2015 a report was taken to Licensing Committee to provide FAQs on what was and was not appropriate in terms of member contact, following the amendments made to the code of conduct.

Assessment of success of the changes made following the Casey Report

- *The review of an information sharing protocol*
- *Revised Sub-Committee Guidelines and the reintroduction of Officer Recommendations.*

The revised sub-committee guidelines in addition to the reinstatement of Officer Recommendations have led to more consistency of decisions. The introduction of the revised guidelines has led to more drivers and applicants being deemed not to be fit and proper to hold a licence which has led to more appeals to the Magistrate's court. Out of these appeals one has been successful, where a decision to revoke was replaced with a suspension by the court. Officer recommendations are not always followed, with the trend appearing to be that members imposed a harsher result than the recommendation.

- *Increase in the number of Members who sit on Taxi Licensing Sub-Committee meetings from three to five.*

This has been implemented and on the whole been successful; however it has been noted that Democratic Services have often faced difficulties in being able to get a panel of five convened and often it has been less than five sitting for taxi licensing sub-committee hearings.

- *Delegated powers to officers to deal with applicants and existing licence holders who are subject to immigration controls.*

Implemented and in force.

- *Restrict those Members that have previously held taxi licences from sitting on Licensing Committee*

Following on from this recommendation, external legal advice was sought from Counsel as to the legitimacy of imposing a restriction on previous taxi drivers sitting on taxi licensing committee, as a result of which, Derby City Council did not proceed with this recommendation.

➤ *Amendments to the Member Code of Conduct to restrict:*

- *contact from Members the purpose of which is to influence the processing of individual applications*
- *Members making representations on behalf of the trade or individual drivers at sub-committee hearings*
- *diluting regulatory standards after representations from the trade.*

The amendment to the Code of Conduct was implemented and in addition to this, a system is now in place for member contacts to licensing to be logged. Such contacts are then provided in quarterly reports to Democratic Services to be discussed with the Monitoring Officer on whether any contacts could be in contravention of the Code of Conduct. As a result of which there have been Members who have been reported to the Standards Committee.

Report to Full Council 18 May 2016

Officers were requested by the Cabinet Member for Regulatory Services to undertake a review of the Taxi Licensing Sub-Committee decision making processes and procedures. Specifically, officers were asked to consider and, if viable, propose an administrative scheme for licence applications, and for determining such applications, to include the renewal of hackney carriage and private hire licences.

The first proposal being that officers stand in the stead of the Members and sit as an officer panel to determine matters using current guidelines and policies.

The second proposal being that the administration of taxi licensing at Derby is re-evaluated with proposals being drawn up with the Cabinet Member for Regulatory Services that are consistent, fair and transparent, and which will then be consulted upon with the trade and the public as primary stakeholders of the Council's licensing function. Officers will review, develop and present more detailed practice approaches to dealing with the administration of licensing.

Full Council approved a number of recommendations at this meeting, specifically –

- The Licensing Committee's taxi licensing policy-making powers, to determine the principles of an administrative licensing scheme were transferred to Council
- A consultation on the introduction of an administrative licensing system for the council in accordance with either the first proposal or the second proposal.

Report in the Public Interest – 16 June 2016

On 16 June 2016 Grant Thornton, the Council's External Auditors, published a Public Interest Report detailing a number of governance failings at the Council.

The Auditors have made the Report in the Public Interest after they identified failures of governance at the Council in the management of a number of major projects and in relation to Member conduct during 2013/14 and 2014/15.

Specifically within the report was a section on taxi licensing which highlighted areas of concern when decisions had been made which appear contrary to public safety.

Post Public Interest Report

Officers have undertaken the task of formulating a more detailed best practice approaches to dealing with the administration of licensing. In doing so we have considered the how other local authorities administer their taxi licensing function in addition to evaluating our current policies and procedures to see where improvements can be made, as a result of this exercise officers were able to formulate the consultation questions to be considered by the trade, stakeholders, and the wider public.

The consultation questions which were approved by the Cabinet member included a new penalty points system, the application of a minimum-requirement application threshold to include amongst other things safeguarding training, driver tests, group 2 medicals, good conduct certificates and basic skills tests, in addition to taking the opportunity to conduct housekeeping around the current imposition of age limits.

The 12 week consultation is currently live and due to end 24 October 2016. After this time officers will finalise changes following consultation and a final report will be published for Licensing Committee on 2 November 2016 in advance of their Taxi Licensing Committee on 10 November 2016. After this a final report will be published for Full Council on 15 November 2016 to be considered at the Full Council meeting on 23 November 2016, with an expected date of implementation of the agreed changes coming into force on 28 November 2016.

In addition to this in August 2016 the Communities and Local Government Committee published a report into the Government's interventions in Rotherham and Tower Hamlets. Within this they have called on the Government to address a "damaging and significant legal loophole" that allows taxis licensed by other local authorities to operate within Rotherham, even if the drivers have had their application for a Rotherham licence rejected.

The CLG committee said: *"In Rotherham, this [loophole] means drivers are operating in the borough without meeting the council's recently-imposed requirement for taxis to be fitted with CCTV, for example."*

The MPs urged the Department for Communities and Local Government, the Home Office and the Department for Transport to introduce statutory guidance "without delay" to ensure consistently high standards in taxi licensing across the country and enable local authorities to put in place and enforce specific measures which are appropriate for their circumstances.

"If guidance is not able to achieve this, the Government should consider legislation," the committee said.

This news is welcomed by Derby and no doubt countless other local authorities who experience the problems with drivers coming into their area having been licensed elsewhere usually with lower standards and having no enforcement powers against them.

Updated: February 2017

On 24 October 2016 the consultation on the administration of taxi licensing ended. Following this, officers from within the council considered the responses gathered. A report was subsequently taken to licensing committee in November 2016 to inform them of the results and for them to make any comments to be then passed on to the Cabinet Member for Regulatory Services to inform the content of his final proposals to Full Council.

Additionally, on 26 October 2016 letters were sent out by the Chair of Licensing on behalf of the Licensing Committee to the Rt Hon John Hayes MP at the Department for Transport, Baroness Williams of Trafford at the Home Office and the Rt Hon Sajid Javid MP at the Department for Communities and Local Government highlighting to them the concerns of Derby City Council Licensing Committee over the loophole relating to cross border trading, whereby hackney carriage drivers and vehicles which have not been licensed by Derby City Council come into the city to undertake private hire work. It was requested that a response was provided as to whether statutory guidance or legislation was to be enacted which the Communities and Local Government Committee report on Government interventions: the use of Commissioners in Rotherham Metropolitan Borough Council and the London Borough of Tower Hamlets had expressly invited each of them to consider implementing as a priority, and the extent to which either are likely to satisfactorily address the cross border issue. To date no responses have been received back from any of the letters.

On 23 November 2016 a report was taken by the Cabinet Member for Regulatory Service to the full council meeting on the Review of Taxi Licensing, with the following recommendations –

- To extend to 30 June 2017 the previous mandate of 18 May 2016, approving constitutional changes to transfer the Licensing Committee's taxi licensing policy-making powers, to determine the principles of an administrative licensing system, to Council.
- To instruct officers to review and present a further report to Council, not later than 12 months after first implementation of these proposals, that considers amongst other matters the operational effectiveness of the measures introduced.
- To approve the introduction of a licensing administration system for the council in accordance with the principles of the 'Second Proposal' together with the implementation of the minimum application threshold criteria by 30 June 2017.
- To refer the following proposals, which were consulted upon as part of the recent consultation exercise and which are not intrinsically linked to the Second Proposal's minimum application threshold, to the Licensing Committee for consideration, namely:
 - - age limits
 - private hire operator Condition 11(a)
 - online renewals of drivers licences
 - MOT for vehicles
 - third party DBS checks
 - dual badges
 - a mandate confirmation of having passed a Basic Skills Test
 - dress code
 - vehicle proprietorship
 - vehicle modifications

- hybrid vehicles luggage space
- medicals
- resources

At the Full Council meeting the recommendations were approved. Following on from this the Licensing Team and Legal Services worked together to start putting together the principles of an administrative licensing system.

On 19 January 2017 a report was taken to Licensing Committee to determine the proposals which were sent back to them to consider by Full Council namely –

- age limits – The removal of age limits was removed as recommended
- private hire operator Condition 11(a) – The removal of the condition was removed as recommended
- online renewals of drivers licences – This was approved as recommended
- MOT for vehicles – This was approved as recommended
- third party DBS checks – This was approved as recommended
- dual badges – This was approved as recommended
- confirmation of having passed a Basic Skills Test – This was referred to a cross party working group to consider further
- dress code – This was referred to a cross party working group to consider further
- vehicle proprietorship – This was approved as recommended
- vehicle modifications – This was approved as recommended
- hybrid vehicles luggage space – This was approved as recommended in addition to all luggage space requirements for vehicles.
- medicals – On this Licensing Committee determined to continue with the practice that drivers get their group 2 medicals from their own general practitioners, rather than from the Council's Occupational Health Team
- resources – On the issue of resources the Licensing Committee asked for officers to come back with a detailed business plan on the proposed new roles which had been identified.

Officers have since this time continued to work on the implementation of the proposals which have included soft market testing for providers of certain services and the reworking of the processes and procedures currently in place to ensure that they are fit for purpose for the new administrative process.

Progress against the Report in the Public Interest

Progress against the various recommendations is at varying stages of completion. However, the Governance Working Group will continue to offer ongoing oversight.

Recommendations

The Council has met the objectives of these recommendations. The Constitution was updated in November 2015, and this included Member / Officer protocols.

Guidance has been issued to officers to reinforce the role of Members so as to avoid their involvement in operational matters and alongside this advice has also been circulated to promote the awareness of specific member roles such as Lead Member for Children's Services.

Job Evaluation

1. The Council should reinforce existing guidance about the proper role of Members, particularly concerning the need for Members to avoid involvement in detailed operational matters.
2. The Council should consider reviewing its project procurement and monitoring systems to ensure that appropriate decisions are made regarding externally commissioned services and adequate monitoring of risks and delivery is undertaken.

To address these recommendations, the Constitution was revised and approved by Full Council in November 2015.

As part of this, guidance was issued to officers (Heads of Service and above) about the role of Members to raise awareness of respective roles and responsibilities.

Web Help

3. The Council should ensure that appropriate internal or external legal advice is sought in relations to contracts, particularly where a large-scale project or initiative is contemplated.
4. The Council should ensure that all legal advice is commissioned through the Council's Chief Legal Officer or her staff. Departments should not commission legal advice direct.

Action to address these recommendations had pre-dated the publication of the Report. The Chief Legal Officer and Head of Legal Services do have significant oversight and full decision-making ability in respect of the Council's provision and securing of legal services.

Taxi Licensing

5. The Council should ensure that it continues to monitor Member interventions in operational matters relating to taxi licensing, and takes robust action when Members have exceeded their proper role.
6. The Council should review the quality of decision-making by the taxi-licensing Committee and take appropriate action if it becomes evident that poor decisions are being made by the Committee.
7. The Council should consider whether different administrative arrangements are required to create confidence in the integrity of the taxi-licensing function.

Please see substantial detail in this report.

HRIS Payroll Project

8. The Council should ensure that it reinforces the need for officers to observe the Council's Contract Procedure Rules, particularly the requirements to report all waivers to the Council's Accounts and Audit Committee.
9. The Council should ensure that it puts in place robust project management arrangements for all major projects, including appropriate consideration of the internal and external resources required to enable effective implementation.

The Council has reviewed its Contract Procedure Rules, standing orders and Financial Procedure Rules and these are fully incorporated into the Council's Constitution. An e-learning tool has also been developed and is mandatory training for all employees Heads of Service and above and all those who have procurement as part of their job role.

The Director of Finance has reviewed the terms of reference of the Procurement Board so as to ensure its responsibilities reflect appropriate oversight and challenge.

Project management arrangements and the supporting toolkit have been streamlined and are now utilised for all major projects. This includes clear guidance for the roles of responsible officers etc.

Political and Officer Arrangements

10. The Council should ensure that clear guidance is issued regarding the operation of the political Cabinet (PCCM), to ensure that both officers and Members understand that it is not a constituted committee of the Council and has no authority to make decisions. It should also consider whether it is appropriate for officers to attend PCCM.
11. The Council should develop guidance to ensure the persons who are not Members or officers do not attend Council meetings or access restricted papers, unless there are exceptional reasons why this is appropriate and a formal invitation has been extended to them.
12. Strategic Officers should be issued with clear guidance requiring them to report key strategic, legal and operational risks to the Corporate Management Team, to the Monitoring Officer as appropriate, and to Cabinet, in a timely manner. Strategic Officers should be issued with clear guidance requiring them to report key strategic, legal and operational risks to the Corporate Management Team, to the Monitoring Officer as appropriate, and to Cabinet, in a timely manner.

Clear guidance has been produced and circulated to ensure clarity as to what the Political and Officer arrangements are, ie meetings of the Political Council Cabinet are not constitutional and is not a decision making body. Officers have been provided with clear guidance in respect of attendance at meetings and the request for reports etc.

The Monitoring Officer oversees compliance with these recommendations.

It should be noted that, on 3 July 2017, a complaint in relation to the Code of Conduct was received in respect of issues arising from the Report in the Public Interest. This complaint is being investigated and the outcomes will be reported to the Standards Committee in due course.

Governance Issues – Update on outstanding issues from previous years:

| Governance Issues | Progress made/Comments |
|---|--|
| Issues from 2013/14 | |
| Governance | |
| To review the Council's Governance framework | The Governance Working Group continues to address actions within the Governance Improvement Plan. The Plan is reviewed at each meeting of the Group and new actions are added as appropriate. The areas highlighted in the 13/14 AGS have been confirmed in the Public Interest Report, which acknowledges the Council's transparent reporting regime. |
| Information Governance | |
| Review the evidence in support of the 40 requirements of the IG Toolkit | The Council needs to achieve Level 2 compliance across all 28 requirements of the NHS IG Toolkit to be given a satisfactory rating. 100% compliance relates to all the requirements being achieved at Level 3. In 2014/15, the Council achieved 39% compliance with the NHS IG Toolkit. It had reached Level 2 or more in 12 areas. An improvement plan was produced to monitor the actions required to attain Level 2 In all 28 areas. In 2015/16 a 55% compliance was achieved, with 20 of the 28 areas being at Level 2 or above. Work is on-going to achieve Level 2 |
| Identify areas of non-compliance with Level 2 and produce improvement plan. | |
| Job Evaluation | |
| To complete the job evaluation process including the process for non-teaching staff at the Council's schools. | Implemented 1 June 2016. |
| Risk Management | |
| Re-constitute the Strategic Risk Group | The Strategic Risk Group was re-constituted. However, given that Risk Management was identified as one of the building blocks within the improvements to the Council's governance framework, the decision was taken to transfer the role of the SRG to the Governance Working Group. |
| To review the current risk management framework | The Council's Risk Management Handbook has been reviewed and revised. |

| Governance Issues | Progress made/Comments |
|---|--|
| Payroll | |
| Full implementation of the recommendations made in the Internal audit report. | All of the recommendations from the 2011/12, 2012/13 and 2013/14 audits have been implemented. |
| Report outlining the problems/issues arising from the internal audit work to be presented to Audit and Accounts committee for scrutiny. | Audit and Accounts Committee has been kept fully up to date on the issues and the improvements that were implemented to prevent a repeat of such problems. |
| Issues From 2014/15 | |
| Freedom of Information - ICO monitoring | |
| To ensure all freedom of information requests are responded to in the statutory timeframe | The Council was monitored over a 6 month monitoring period by the Information Commissioner's Office. The Council was required to submit a monthly return to the ICO covering the Fols received and responded to for the period 1 March 2015 to 31 August 2015. In all the monthly returns, the statutory timeframe was not exceeded. |
| To provide training for staff on freedom of information legislation and processes. | The Council procured tailored training from freedom of information experts at Geldards LLP Solicitors for key staff which was delivered in September 2015. |
| Audit Certificate | |
| To meet the requirements of External Audit | Grant Thornton released the audit certificates for 2013/14 and 2014/15 following publication of the public interest report. |

Action Plan – Significant Governance Issues 2015/16

| Action(s) | Responsible Officer | Timescale | Progress to date | Impact and measures |
|--|---|--------------------|--|---------------------|
| Grant Thornton | | | | |
| To produce an improvement plan to cover the recommendations made in the Public Interest Report | Director of Governance and Monitoring Officer | July 2016 – Oct 16 | Full council meeting to formally accept the Report took place on 1 st July 2016. Statutory review of The Action plan against the twelve recommendations will take place with Ernst & Young on 10 th October 2016 | |

Summary of the Code of Corporate Governance

| 1 Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area | 2 Members and officers working together to achieve a common purpose with clearly defined functions and roles | 3 Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour | 4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risks | 5 Developing the capacity and capability of members and officers to be effective | 6 Engaging with local people and other stakeholders to ensure robust public accountability |
|---|--|--|--|--|---|
| Exercising strategic leadership by clearly communicating the authority's purpose and vision and its intended outcome for citizens and users | Ensuring effective leadership throughout the authority by being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function | Ensuring council Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance | Exercising leadership by being rigorous and transparent about how decision are taken and listening and acting upon the outcome of constructive scrutiny | Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles | Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountable relationships |
| Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning | Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard | Ensuring that organisational values are put into practice and are effective | Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/ needs | Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group | Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery |
| Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money. | Ensuring relationships between the authority and the public are clear so that each know what to expect of each other | | Making sure that an effective risk management system is in place | Encouraging new talent for membership of the authority so that best use can be made of resources in balancing continuity and renewal | Making best use of human resources by taking an active and planned approach to meet responsibility to staff. |
| | | | Recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on local authorities by public law, but also accepting responsibility to sue their legal powers to the full benefit of the citizens and communities in their area. | | |

Framework for the Annual Governance Statement

Appendix 4

