



# Annual Governance Statement 2019/2020

## What is Governance in Derby City Council?

Governance is about how we ensure that we are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money from Derby council taxpayers; and
- public engagement and outcomes for our citizens and service users.

We approved a new Local Code of Corporate Governance in March 2017. It is consistent with the seven principles set out in 'proper practice' for the public sector, namely 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE.

The overall aim of the Local Code of Corporate Governance is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities;
- there is sound and inclusive decision making;
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

A copy of our Local Code is available on our website at [www.derby.gov.uk](http://www.derby.gov.uk).

This Annual Governance Statement (AGS) for 2019/20 demonstrates how we have complied with our local code and met the requirements of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, which requires us to prepare an annual governance statement.

## What is the purpose of our Governance Framework?

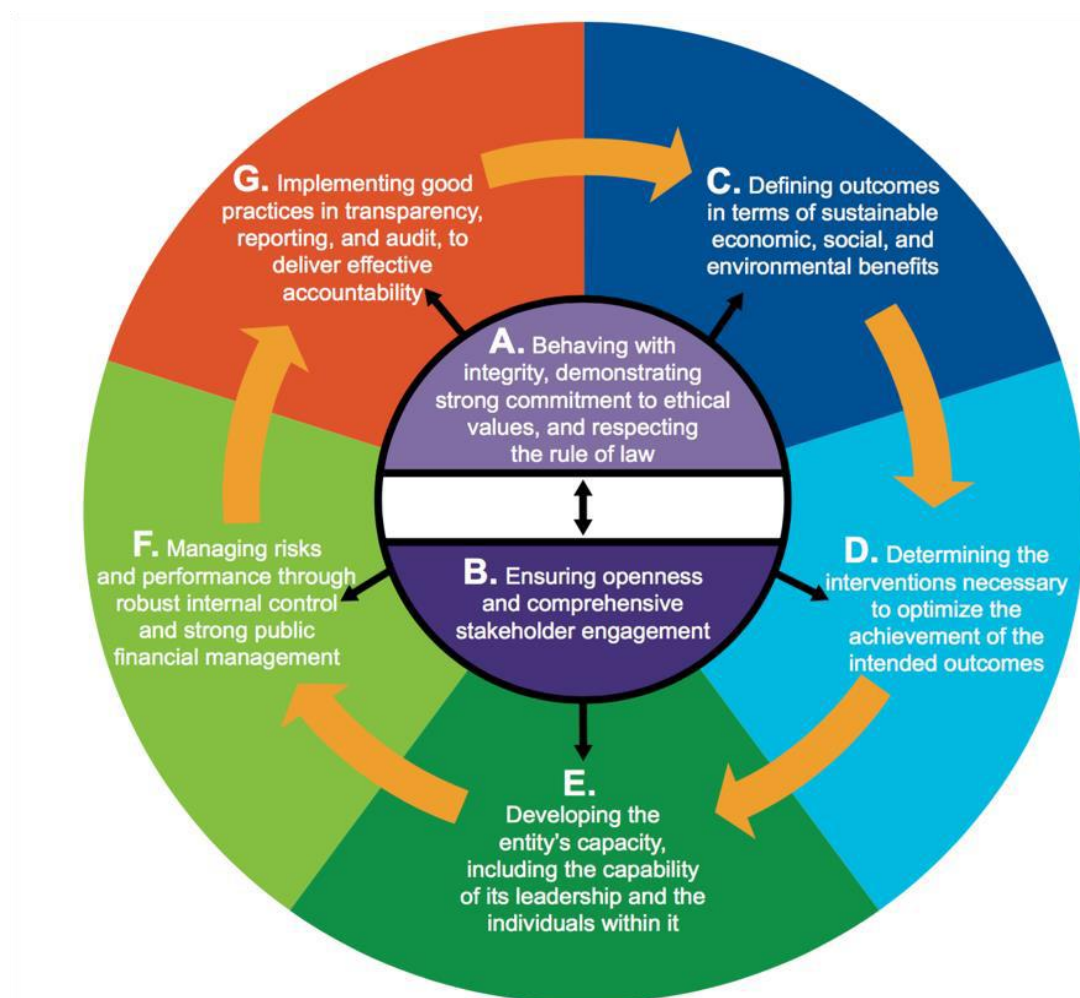
Our governance framework aims to ensure that in conducting our business, we:

- operate in a lawful, open, inclusive and honest manner;
- make sure public money is safeguarded, properly accounted for and spent wisely;
- have effective arrangements in place to manage and control risk;
- secure continuous improvements in the way we operate.

Our governance framework is comprised of the culture, values, systems and processes by which we are directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes.

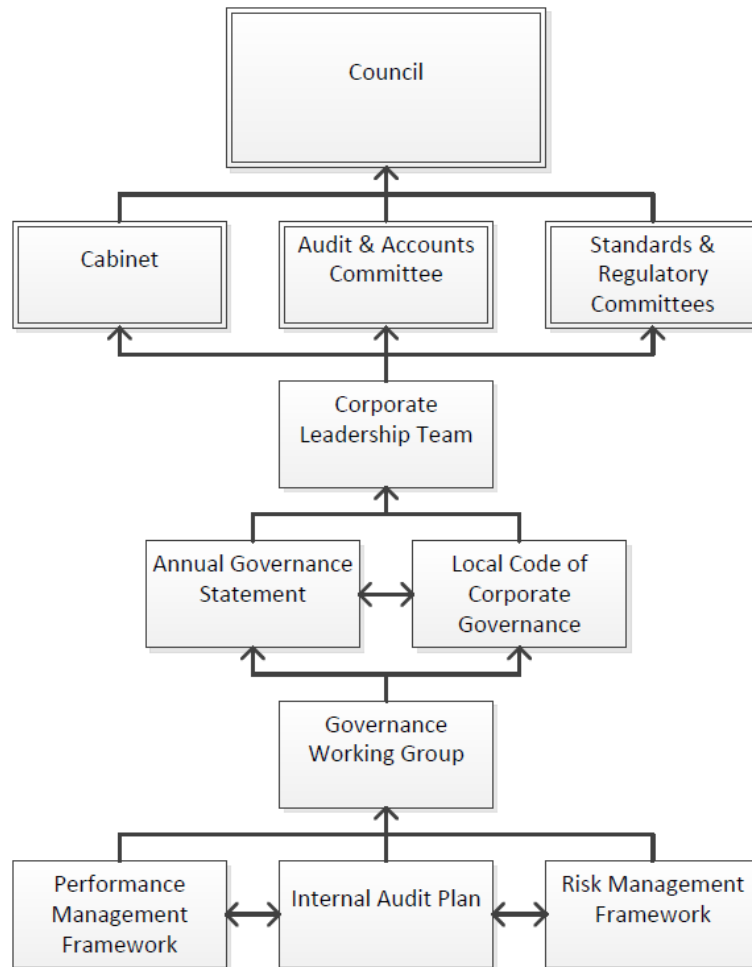
Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is based on an on-going process designed to identify and prioritise risks, evaluate the likelihood and impact should risks be realised, and efficiently, effectively and economically manage such risks.

The "Delivering Good Governance" framework below envisages it will be a continuous process of seven principles with a core of A and B being about the behaviours of integrity demonstrating a strong commitment to ethics and respecting the rule of law with practices being carried out in the spirit of openness and comprehensive stakeholder engagement.



Source: CIPFA/SOLACE

## What is our governance structure?



## What is our Governance Framework?



## **What Does Our Governance Assurance Framework look like?**

Good assurance in any organisation provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

Our assurance framework is the structure within which Councillors and Senior Management identify the principal risks to the Council in meeting its key objectives, and through which we map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. Our assurance framework underpins the statements made within this Annual Governance Statement.

Assurance can come from many sources.

- (a) Internal: Self Assurance Statements, Corporate Leadership Team, Internal Audit Reviews. Scrutiny, Audit and Accounts Committee, Service Reviews, Statutory Officers Group
- (b) External: Inspections, External Audit, National Fraud Initiative, Partnerships.

## **How has this Annual Governance Statement for 2019/20 been prepared?**

In preparing this Annual Governance Statement we have:

- reviewed our existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;
- assessed the effectiveness of our governance arrangements against the Local Code of Corporate Governance;
- Review of External Assessments;
- Self-Assurance Statements from all Directors.

## **How do we monitor and evaluate the effectiveness of our governance arrangements?**

We continue to review the effectiveness of our governance arrangements on an ongoing basis and report on the position annually. The key sources of assurance that inform this review are outlined below:

- The work of Councillors (Cabinet and Audit and Accounts Committee) and Senior Officers (Corporate Leadership Team) who have responsibility for good governance;
- the three statutory officers, being the Head of paid Service, Section 151 Officer and Monitoring Officer;
- The Head of Internal Audit's annual report on Internal Audit Activity 2019/20, which provides independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements;
- Regular updates to Audit and Accounts Committee on Risk Management activity for 2019/20 with risk surgeries to explore areas in more detail;
- Performance monitoring of key deliverables in the Council Plan as well as key performance indicators as can be seen in the latest reports to Cabinet - <https://www.derby.gov.uk/council-and-democracy/budgets-spending-performance/council-performance/>;
- Challenge through Overview and Scrutiny (for example topic reviews, performance items and surgeries) as can be seen in the reports to [Executive Scrutiny Board](#);
- Inspections and assessments (such as Ofsted Inspection of Local Authorities Children's Services Framework and Sector Led Improvement activity in Children's and Adults Services);
- Any comments made by our External Auditors in their Value for Money Opinion;
- Recommendations and comments made by any other review agencies and inspectorates; and
- Customer insight through complaints, the media and Freedom of Information requests.

## **How do we know that our arrangements are working?**

The table below details the seven principles of the CIPFA/SOLACE Delivering Good Governance framework and provides an analysis of the effectiveness of how we conform with each element of that framework, and identifies areas where improvements are required which flow through to the action plan at the end of the statement.

Governance Principle	Sub-Principle	Assurance on Compliance
<b>Acting in the public interest requires a commitment to effective arrangements for:</b>		
<b>Principle A</b> <b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	1. Behaving with integrity	<ul style="list-style-type: none"> <li>➤ The political and managerial leadership sets the tone.</li> <li>➤ Through this leadership we ensure that the required policies are put into place and monitored.</li> <li>➤ The Employee Code of Conduct forms part of the Council's Constitution and set out the behaviours expected of employees.</li> <li>➤ The Officer/Member Protocol which forms part of the Constitution sets out the way Councillors and Officers should interact.</li> <li>➤ Training is provided to Councillors who are involved in a number of committees including Licensing, Audit &amp; Accounts Committee and Planning.</li> <li>➤ The "Members' Code of Conduct" forms part of the Constitution.</li> <li>➤ Standards Committee produces an Annual Report to Council which includes a synopsis of Code of Conduct related complaints received during the Municipal Year in respect of Councillors.</li> </ul>
	2. Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> <li>➤ In accordance with the Localism Act 2011 we have adopted a Code of Conduct for our Councillors that is in keeping with the general principles of public life. All Councillors and co-opted Members undertake that they will observe the Code of Conduct.</li> <li>➤ Training on the ethical standards framework is provided to all Councillors and training is provided on an annual basis immediately following the local elections which are by way of thirds with one fallow year.</li> <li>➤ The Standards Committee monitors and reviews the Councillors' Code of Conduct and prepares an annual statement to Full Council.</li> <li>➤ The Employee Code of Conduct provides guidance to our employees on the ethical framework within which we seek to conduct its activities; and on the processes that the Council uses to ensure compliance with the highest ethical</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
		standards. The Ethics Statement reflects similar principles to the Nolan Principles which form the basis of the Members' Code of Conduct.
	3. Respecting the rule of law	<ul style="list-style-type: none"> <li>➤ Codes of Conduct set out the standards of behaviour that are expected of our Councillors and Officers. Should these standards be breached they will be dealt with, either through the "Members' Code of Conduct" complaints process or, in relation to Officers, action taken under our capability and/or disciplinary procedures.</li> <li>➤ The Whistleblowing Policy adopted by the Council ensures its effectiveness from a safeguarding perspective and to make it easier for staff to raise concerns about malpractice or illegal activity. The Policy contains clear guidance about how to report a concern, who to contact and sources of internal and external support.</li> <li>➤ The Whistleblowing Policy is complemented by the Anti-Fraud and Corruption Policy, the Anti-Bribery Policy and the Anti-Money laundering Policy.</li> </ul>
<b>Principle B</b> <b>Ensuring openness and comprehensive stakeholder engagement</b>	1. Openness	<ul style="list-style-type: none"> <li>➤ We are committed to openness and publish information online in accordance with the provisions of the Local Government Transparency Code and the Freedom of Information Publication Scheme.</li> <li>➤ We have in place procedures which allow, within certain parameters, the recording and filming of Council meetings.</li> <li>➤ Only a minimal number of reports are considered in closed session (known as Part II) and for the majority of these reports there is a public facing report (known as Part I) which sets out the matter to be decided upon, but without the information that is exempt from publication.</li> </ul>
	2. Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>➤ We engage with large numbers of stakeholders. We have a comprehensive engagement system with statutory stakeholders such as the NHS, CCG, Derbyshire Constabulary and Derbyshire Fire and Rescue Service. We have further subject based stakeholders particularly economic development such as the Local Enterprise Partnership (LEP), Derby Nottingham Metro and the</li> </ul>



Governance Principle	Sub-Principle	Assurance on Compliance
		Derby Renaissance Board.
	3. Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> <li>➤ Local focus and community engagement are successfully promoted through Neighbourhood Forums and Boards.</li> <li>➤ Public consultation is undertaken on specific areas of service, or on matters that may have a substantive impact on residents, facilitated by our Consultation Team. The Communications and Marketing Team ensure that specific matters are placed in the media and engage with the media over enquiries on specific matters.</li> </ul>
<b>In addition to the overarching requirements for acting in the public interest found in principles A and B, achieving good governance also requires a commitment to, and effective arrangements for:</b>		
<b>Principle C</b> <b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	1. Defining outcomes	<ul style="list-style-type: none"> <li>➤ The “Derby Plan 2030: A safe, strong and ambitious city” brings together the key partners across the city.</li> <li>➤ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People’s Plan).</li> <li>➤ The Council Plan 2019-2023 describes our priorities, resources and how we will monitor progress, with our annual Council Delivery Plan making sure that we are focused on current priorities.</li> <li>➤ Production of an annual report to publicise and provide evidence to the local community on its achievements and progress made in delivering its Council Plan priorities and demonstrating value for money.</li> <li>➤ Pre-decision scrutiny through the Executive Scrutiny Board (ESB) means that recommendations from ESB are now received at every meeting of Cabinet so as to ensure greater degrees of effectiveness and challenge to the Cabinet’s decision making.</li> <li>➤ A more robust Medium Term Financial Plan (MTFP) which aligns available resources to the activities of the Council and setting out the financial plans for the future.</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
	2. Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>➤ Business plans have been agreed which include clear objectives, measures and risks that are actively managed during the year and inform the setting of individual objectives.</li> </ul>
<b>Principle D</b> <b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b>	1. Determining interventions	<ul style="list-style-type: none"> <li>➤ Corporate Performance Board is undertaken as part of the Corporate Leadership Team.</li> <li>➤ Review and challenge through directorate leadership team (DLTs) led Improvement Boards in key areas and 'Mocksted' reviews where appropriate.</li> <li>➤ Creation of cross Council performance groups (e.g. Demand Management Groups).</li> <li>➤ Programme Management Board (PMO) chaired by the Director of Financial Services.</li> <li>➤ Quality assurance - examples of good practice exist at service level e.g. Children's Services.</li> <li>➤ Regular challenge from inspectorates such as Ofsted and Care Quality Commission (CQC). Annual Conversations with Ofsted make sure that progress of our services is tracked and challenged in between inspections.</li> <li>➤ Sector Led Improvement (SLI) challenge from regional peers in Children's and Adults' services.</li> <li>➤ Active Executive Scrutiny performance forward plan focused on Council Scorecard / Council Plan outcomes.</li> <li>➤ Performance and Risk Surgeries are held to evidence challenge and drive improvements.</li> </ul>
	2. Planning interventions	<ul style="list-style-type: none"> <li>➤ Performance, audit, risk and finance information is used to identify areas of concern and plan required interventions.</li> <li>➤ There is an annual cycle of meetings that are planned through the municipal year, but internal procedures are flexible enough for Councillors to intervene,</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
		such as via call in or the calling of extraordinary meetings, at any point in the year.
	3. Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>➤ Outcomes are monitored on a regular basis and open to scrutiny. Matters which are formally project managed are required to be reported upon to the project teams at regular intervals. The performance framework ensures capacity is considered in balancing priorities against affordability and social value.</li> <li>➤ Service planning and objectives within the Great Performance Conversations system respectively set the objectives for the year for services and individual members of staff and the outcomes of these are reviewed regularly.</li> <li>➤ A Corporate Project Management Framework is in place alongside a corporate PMO Board.</li> <li>➤ Corporate City Centre Major Projects Board to oversee major capital projects and seek assurances from project teams and advisors.</li> <li>➤ A Gateway process for project decision making was launched in March 2019, managed through a new PMO Board.</li> <li>➤ Our Corporate Leadership Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan.</li> </ul>
<b>Principle E</b> <b>Developing its capacity, including the capability of its leadership and the individuals within it</b>	1. Developing the entity's capacity	<ul style="list-style-type: none"> <li>➤ The Head of Paid Service is responsible for the organisation of the staff.</li> <li>➤ Leadership and Management is delivered through Corporate Leadership Team (meeting once a week) and Directors network (meeting at least once a month).</li> <li>➤ We use a Performance Management system (Great Performance Conversations) which comprises of the development of objectives and personal development plan through which every member of staff has a clear direction for the year against which they are appraised. This identifies strategic and operational objectives, alongside the role profiles for each post and for development capacity. The process also involves appraisal by way of regular reviews of performance of those objectives including formal mid-year</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
		and end of year reviews.
	2. Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> <li>➤ We have a programme of training available for both Councillors and Officers (at all levels).</li> <li>➤ All new starters are required to undertake an induction programme.</li> <li>➤ There is mandatory training for all staff on key policies via the e-Learning system.</li> <li>➤ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies.</li> </ul>
<b>Principle F</b> <b>Managing risks and performance through robust internal control and strong public financial management</b>	1. Managing risk	<ul style="list-style-type: none"> <li>➤ Our Risk Management Policy, Strategy and Handbook are in place and subject to regular review. Considerable work has taken place during the year to embed the framework more consistently across the organisation.</li> <li>➤ Risk management training has been rolled out to managers, senior officers, Cabinet and members of the Audit &amp; Accounts Committee.</li> <li>➤ A Corporate Risk Management Group has been established, chaired by the Monitoring Officer, with Risk Champions identified in all directorates.</li> <li>➤ Risks are regularly monitored on a corporate, departmental and service basis.</li> <li>➤ Audit &amp; Accounts Committee receive quarterly monitoring reports on the strategic risk register and can commission risk surgeries to explore key risks in more detail.</li> </ul>
	2. Managing performance	<ul style="list-style-type: none"> <li>➤ Principal performance targets are captured within our Performance management system (DORIS) and are subject to review (including Council Delivery Plan, Council Scorecard and Departmental business plans).</li> <li>➤ Individual projects have their own targets and performance reviews set within them and are reported via the projects teams as required. Projects are tracked through the Programme Management Office (PMO) Corporate Dashboard and reported to PMO Board.</li> <li>➤ Performance management is reported on a quarterly basis to the Cabinet,</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
		the Corporate Leadership Team and Executive Scrutiny Board.
	3. Robust internal control	<ul style="list-style-type: none"> <li>➤ Preventative procedures are in place which include the segregation of duties, approval/authorisation process, security of assets and regular reconciliations</li> <li>➤ Assurance is gained through regular internal audits and reporting.</li> <li>➤ Our Internal Audit Service has received an independent external review which ensured the service conforms with the Public Sector Internal Audit Standards (PSIAS).</li> </ul>
	4. Managing data	<ul style="list-style-type: none"> <li>➤ We have in place a suite of Information Governance Policies and Procedures that are monitored by the Information Governance Team.</li> <li>➤ We have senior officers who fulfil the roles of the Senior Information Risk Owner and the Caldicott Guardian.</li> <li>➤ All officers and Councillors are required to undertake mandatory e-Learning training on information governance.</li> <li>➤ The importance of reporting breaches of Data Protection legislation is well publicised.</li> </ul>
	5. Strong public financial management	<ul style="list-style-type: none"> <li>➤ We have a budget setting process with the Budget and Medium Term Financial Plan decided annually by Council.</li> <li>➤ The Finance Strategy sets the overall direction for how we will fund our activities and invest in the future.</li> <li>➤ We have in place a statutory Section 151 Officer with finance teams that support the budget holders.</li> <li>➤ Financial Procedure Rules and Contract Procedure Rules are in place and regularly updated.</li> </ul>
<b>Principle G</b> <b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>	1. Implementing good practice in transparency	<ul style="list-style-type: none"> <li>➤ Agendas for all Council meetings are publicly available on website.</li> <li>➤ We comply with the local Government Transparency Code 2015, publishing required information at <a href="https://www.derby.gov.uk/council-and-democracy/open-data-and-freedom-of-information/open-data-transparency/">https://www.derby.gov.uk/council-and-democracy/open-data-and-freedom-of-information/open-data-transparency/</a></li> <li>➤ We comply with The Openness of Local Government Bodies Regulations</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
		<p>2014.</p> <ul style="list-style-type: none"> <li>➤ We have a Whistleblowing Policy in place.</li> </ul>
	2. Implementing good practices in reporting	<ul style="list-style-type: none"> <li>➤ We have in place comprehensive procedures for the making of decisions, either by Full Council, Committee, Cabinet or individual decisions made by Directors and Cabinet Members.</li> <li>➤ All reports are taken through Democratic Services and require clearance by legal and finance as a minimum.</li> <li>➤ Reports for Council, Committees and Cabinet business and minutes of these meetings are available on our website, save for reports which contain information that is exempt from publication.</li> </ul>
	3. Assurance and effective accountability	<ul style="list-style-type: none"> <li>➤ The Constitution sets out the executive arrangements and the roles and responsibilities of the Leader of the Cabinet, the Cabinet and each of the Cabinet Members individually and the roles and responsibilities of other Council Members.</li> <li>➤ The Constitution sets out the functions of Council, Cabinet and the various committees.</li> <li>➤ We have an effective Scrutiny function with a number of Scrutiny Committees whose responsibilities are also set out in the Constitution.</li> <li>➤ The principal roles and responsibilities of the Chief Executive and senior officers, including the Chief Financial Officer (Section 151 Officer) and the Monitoring Officer, are also set out in the Constitution.</li> </ul>

## **What specific assurances do we receive?**

Whilst a number of assurances have been obtained to support this conclusion, it is important that we consider the following specific assurances to support this statement:

### **1. Chief Financial Officer (Section 151 Officer)**

The CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) demands that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that our arrangements conform to the CIPFA requirements and the Section 151 Officer has no significant concerns.

### **2. Monitoring Officer**

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 89). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report.

### **3. Head of Internal Audit**

In accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Auditing Standards (PSIAS), the Chief Audit Executive (DCC's Head of Internal Audit) provides an opinion on the overall adequacy and effectiveness of our risk management, internal control, counter fraud and governance processes.

The Chief Audit Executive is satisfied that sufficient work has been undertaken to allow him to draw a reasonable conclusion on the adequacy and effectiveness of our arrangements. Based on the work performed during 2019/20 and other sources of assurance, the Chief Audit Executive has provided the following opinion on our risk management, internal control, counter fraud and governance processes, in operation during the year to 31 March 2020:

"The Head of Internal Audit's opinion for 2019/20 is that there is an "Adequate System of Governance, Risk and Internal Control Subject to Reservations ".

This opinion reflected the level of system weaknesses found by internal audit and the number of audits that have resulted in assurance ratings of either “limited” (20 of the 65 audits completed or at draft stage) or “none” (two audits) and the number of recommendations made to address significant risks (32). The Head of Internal Audit is satisfied that management is making sufficient progress with implementing the required remedial action to address these weaknesses. The majority of the recommendations made to address significant risk issues (23 of the 32) were contained in the system weakness report arising from the investigation in to the A52 Project Overspend.

Full details on the assurance provided by the Chief Audit Executive are detailed within the Internal Audit Annual Report for 2019/20.

Under the Public Sector Internal Audit Standards (the Standards), we are required to undertake a review of the effectiveness of our Internal Audit function and to report the results in the Annual Governance Statement. An independent assessment against the Public Sector Internal Audit Standards must be carried out every five years. The last independent assessment was undertaken in September 2017 when it was identified that our internal audit service was conformant with the Standards and the five principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit in Local government (CIPFA publication).

#### **4. External Audit**

The latest External Auditors Annual Letter from the Council’s appointed External Auditors, Ernst and Young for the financial year 2018/19 issued unqualified opinions on the financial statements and Value for Money Arrangements of the Council. These confirm that the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year including the following headlines and that the Council has proper arrangements for securing financial resilience, economy, efficiency and effectiveness qualified for the ongoing resolution of the A52 Highway Scheme.

#### **5. SIRO and Data Protection**

The Director of Digital and Customer Services is the Council’s Senior Information Records Officer (SIRO) and the Information Governance Team are responsible for data protection, FOIs, Subject Access Requests etc. There has been a decrease in the number of incidents reported to the Information Governance Team for the 2019/20 financial year. The number of incidents which equate to actual breaches have also decreased from 205 in 2018/19 to 131 in 2019/20. However, there was a small increase in the number of serious breaches reported to the Information Commissioners Office from 9 in 2018/19 to 11 in 2019/20.



There is a robust Information Governance Board in place chaired by the Director of Digital and Customer Services.

The Council received positive assurances in respect of RIPA and have successfully trained over 90% of the organisation on GDPR and Cyber Security.

Investment was made in the Council's ICT infrastructure to strengthen against Cyber-attacks, improve disaster recovery arrangements and record retention.

## **6. Programme Management Office (PMO) and Corporate Risk Management Group**

The Council continued to embed the Programme Management Office arrangements and gateway reviews. This has been successful in ensuring project managements arrangements are in place and that reviews take place at the appropriate points. However, the PMO has identified the need for further training in project delivery, cost control, client management of third-party suppliers and for better targeting of project management capacity. Internal Audit Reviews have highlighted improvements in key projects such as the A52 and the corporate learning has been embedded in new schemes, such as Moorways Pool. The PMO Board role was undertaken by the Corporate Leadership Team throughout 2019/20. Member oversight is provided by the City Centre Major Projects Board.

During 2019/20 the Corporate Risk Management Group was strengthened through the appointment of the Monitoring Officer as Chair and the holding of risk surgeries through the Audit and Accounts Committee. Director Assurance Statements demonstrate increased embedding of robust risk registers into projects and directorate reporting.

## **7. Senior Management Assurance Statements**

Senior Management Assurance Statements were produced by all Directors for the financial year 2019/20. Against 14 Assurance Statements the Directors' self-assessed compliance and detailed the basis of Assurance and the frequency of testing and review. Most of these statements/assurances evidenced full compliance with the principles of good governance. Areas for development are detailed at the end of this statement.

## **What were the key governance issues in 2019/20?**

The key governance issues to be reported are:

### **A52 Wyvern Transport Improvements scheme**

The Council continued to embed the findings of the CEO review into the A52 Scheme. The Audit Committee in June 2019 received confirmation from Management that the majority of

the issues raised had been successfully addressed. During 2019/20 the project governance was robust and owned corporately through the CEO being Senior Responsible Officer. The scheme is currently on budget and nearing completion.

### **City Centre Major Projects**

The Council have several major city centre projects which started in previous financial years. A number of these schemes experienced material increases in project timetables and costs following site investigation works and surveys. Project Governance was strengthened through the creation of a City Centre Major Projects Board, chaired by the Leader of the Council. This successfully identified and addressed the increasing costs and timescales linked to the refurbishment of the Assembly Rooms leading to the cessation of the project and proposed demolition. Other projects are subject to regular review and challenge.

### **Long Term Waste Management Contract**

Following the failure of RRS (Derbyshire) Limited to meet the New Waste Treatment Facility (NWTF) Completion Longstop Date (30 September 2018) the City and County Councils have commenced the process of terminating the Project Agreement under the Contractor Default Termination provisions. This has been ongoing in 2019/20 alongside Derbyshire County Council. The Director of Communities and Place was seconded almost full time to the project and works alongside professional advisors to manage the Council's interest and position. It is expected that the Council will settle on an Estimated Fair Value in 2020/21.

### **Inspections**

An Ofsted and CQC Local Area SEND inspection took place in June 2019. Findings of the Inspection were published in August 2019 and identified areas of strength and areas of weakness. In response the Council was required to produce a Local Area Written Statement of Action (WSOA) which has been developed by speaking to, and working with, parents and carers to ensure children, young people and their families are at the heart of everything we do to secure the best possible outcomes, reach their potential and thrive into adulthood. This used a range of engagement and feedback events with parents, carers, front line staff and all partners to discuss areas that need improvement and actions to improve our Local Area SEND arrangements. These were agreed during 2019/20 and are subject to regular monitoring.

### **Financial Performance**

The Council overspent in 2019/20 requiring unplanned drawdown of Reserves. The majority of the overspend related to increased demand in Children's Social Care, especially, Looked After Children. A review commenced of the residential provision within the City (but was temporarily impacted upon by closure of two children's homes) and a Fostering campaign

initiated. A Corporate Demand Management Group has been formed that identifies and monitors whole system approaches to managing demand and increasing the sufficiency of the Market.

## **Response to the Coronavirus Pandemic**

This Annual Governance Statement has been prepared as the Council responds to the impact of the Coronavirus outbreak on our services, service users, workforce and city. This has seen the Council operating in different ways to deliver some services, provide new services in response to Government and the public need, and to suspend the operation of others at certain times.

The Council continues to operate within the framework of our Business Continuity Plans which have been developed to enable the Council to operate safely in times of crisis. Health and Social Care services have been prioritised and other support services are being delivered at a reduced level or their resources have been redeployed to support our critical services.

The Council's response to the Coronavirus outbreak is being managed within the Council through a Strategic Co-ordination Group (SCG) and a Tactical Co-ordination Group (TCG) as documented within the Major Incident Plan with specific governance structures and decision-making processes.

To ensure important decision making continues, Council meetings are held virtually and live streamed for the public to view. Specific advice pages have been set up on our webpages which provides support for our citizens and businesses, providing the latest government advice and available support.

As part of the planned recovery of the City and the Council, a number of Partnerships have been set up including a revised Partnership Board, Economic Recovery Task Force and Community Task Force. These groups involve a wide range of partners and have already had success in securing resources and building on new service delivery models and partnerships from the City wide response to the pandemic.

The Council responds to the plethora of Government guidance and continually assess the impact of these changes on our governance arrangements and make amendments as appropriate, which may not be fully known at this time and will continue to be monitored. The AGS will be monitored regularly through the Statutory Officers Group to reflect changes in the assurance model and the adequacy of the governance and internal control arrangements put in place during this period and to assess any impact upon the internal control environment.

The response to the pandemic has a major impact on the financial resilience and sustainability nationwide. This is monitored and refreshed regularly and is a priority identified for the 2020/21 financial year.

In compiling the AGS, each Director was asked to confirm whether there had been any significant issues about the implementation of legislation and guidance relating to Covid-19, as well as the provision of grants to the vulnerable residents and businesses. A number of areas of partial assurance were identified due to the speed of implementing changes to changed guidance. During 2020/21 Internal Audit will be reviewing how guidance has been implemented when carrying out its audit assignments.

## Progress on Improvement Areas Arising from previous Annual Governance Statement

There were several governance issues raised in the 2018/19 Annual Governance Statement:

Areas Identified for Improvement	Actions Implemented
Approval of a New Council Plan	<p>This was approved in June 2019 and formed the basis of reporting for 2019/20 and the production of the Annual Report</p> <p><i>The impact of COVID 19 on the City and the Council requires a review of the Council Plan in line with the proposed Recovery Plans centred around, Economy, Community and Organisation</i></p>
Project Management and Contract Reviews	The Council strengthened the Programme Management Office (PMO) and embedded it into the Corporate Leadership Team. A Major Projects Board was created for City Centre Projects. Internal Audit have strengthened their reviews and undertaken more embedded assurance as projects are underway
Team Derby/HR Strategy	Significant improvements in the Internal Communication frameworks; performance management arrangements (Great Performance Conversations)
Digital by Default	The Council successfully delivered on its planned Digital Change Agenda and successfully implemented a Digital workforce solution at speed in response to the Covid 19 pandemic

## What are our key governance development priorities for 2020/21?

The impact of the COVID 19 pandemic has fundamentally reshaped the role, functions and sustainability of Local Government. The key governance priorities for 2020/21 are:

<b>2020/21 Recommendation</b>	<b>Responsible Officer and Target Implementation Date</b>
Update the Council Plan to reflect changes in priorities because of the Coronavirus crisis.	Director of Policy, Insight and Communications  Target Date: February 2021
Produce Recovery Plans for the City and Council	Director of Policy, Insight and Communications  Target Date: November 2020
Refresh the Medium-Term Financial Strategy linked to revised Council priorities and need for financial sustainability in the short to medium term	Strategic Director of Corporate Resources (S151 Officer)  Target Date: February 2021
Implement SEND written statement of Action Plan to improve outcomes for young people	Strategic Director of People  Target Date: March 2021
Review Corporate Capacity/ Caseloads in Statutory Services (e.g. children's services) and review project management capacity to better focus on outcomes	Strategic Leadership Team  Target Date: December 2020
Strengthen Cyber-security, Disaster Recovery and Business Continuity Arrangements	Corporate Leadership team  Target Date: March 2021

## **Assurance Opinion by Leader of Council and Chief Executive**

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by senior management. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined above. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

It is our opinion that the Council's governance arrangements in 2019/20 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2020/21. Whilst recognising this, it should be noted though that COVID-19 continues to pose significant challenges to the Council's governance arrangements, controls and processes, the outcomes of which remain uncertain. The Council has acted with unprecedented speed in its response to the rapidly unfolding COVID-19 pandemic. It has delivered large-scale projects, enacted Government policy and transformed service delivery and ways of doing business against the backdrop of urgent stakeholder need and incomplete and changing information, data and guidance. This has altered the risk and control environment in which the Council is operating at the date of this statement and this will be kept under constant review and additional assurances sought from the workplan of Internal Audit.

Councillor Christopher Poulter  
Leader of the Council

Councillor Mick Barker  
Cabinet Member for Governance and  
Licensing

Paul Simpson  
Chief Executive

30<sup>th</sup> September 2020

Signed on behalf of Derby City Council