



Derby City Council

# Annual Governance Statement 2021/2022



Derby City Council

## **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
- 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 to achieve the 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 2021/22 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:

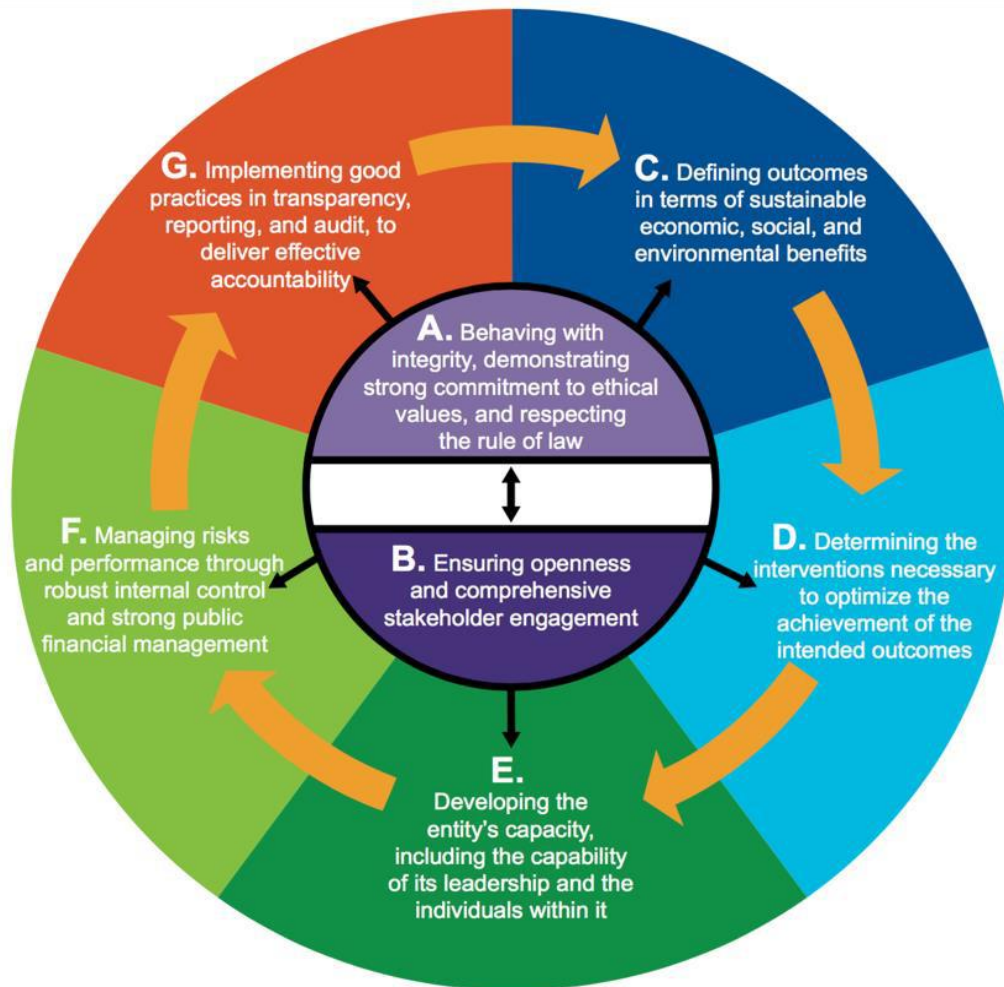
- operate in a lawful, open, inclusive and honest manner
- make sure public money is safeguarded, properly accounted for and spent wisely
- have effective arrangements in place to manage and control risk
- secure continuous improvements in the way we operate

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

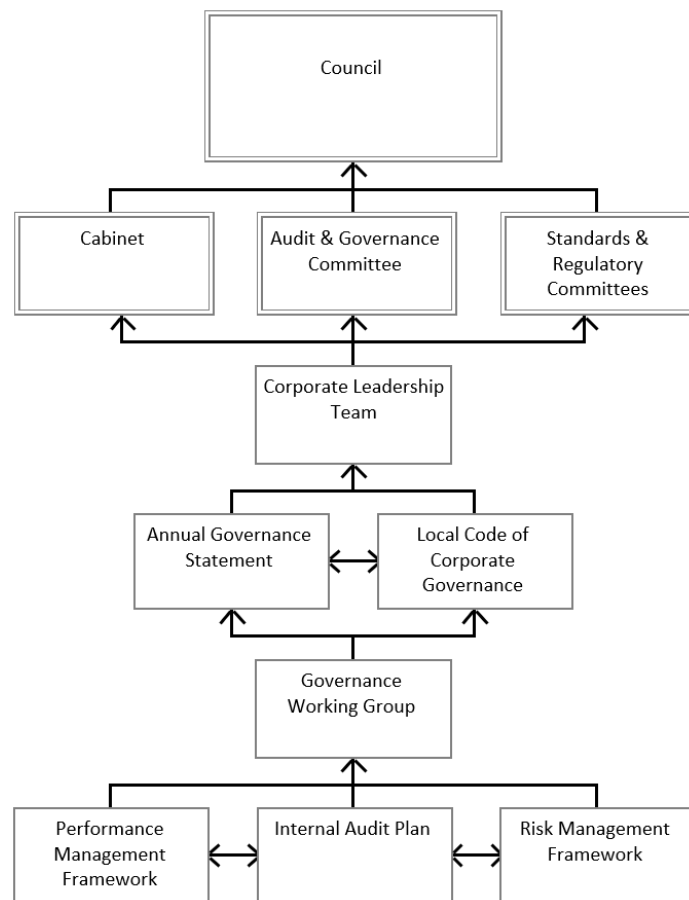
realised, and efficiently, effectively and economically manage such risks.

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?



The Governance Working Group is undertaken by the Statutory Officers Group

## 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 Governance Committee, Service Reviews, Statutory Officers Group
- (b) External: Inspections, External Audit, National Fraud Initiative, Partnerships

## **How has this Annual Governance Statement for 2021/22 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
- reviewed 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:

- work of Councillors (Cabinet and Audit and Governance Committee) and Senior Officers (Corporate Leadership Team) who have responsibility for good governance
- three Statutory Officers: Head of Paid Service, Section 151 Officer and Monitoring Officer

- Head of Internal Audit’s annual report on Internal Audit Activity 2021/22 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 Cabinet, Executive Scrutiny and Audit and Governance Committee on Risk Management activity for 2022/23
- 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/media/derbycitycouncil/contentassets/documents/councilanddemocracy/budgetsspendingandperformance/annual-performance-results2021-22.pdf>
- 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 – this has not yet been issued for the 2020/21 financial due to resourcing issues by the External Auditor and awaiting national clarification in respect of accounting for infrastructure assets
- Recommendations and comments made by any other review agencies and inspectorates
- 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. It 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 several committees including Licensing, Audit &amp; Governance Committee and Planning. This is undertaken annually after Annual Council and sets down mandatory training requirements</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 “Members’ 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> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
		<ul style="list-style-type: none"> <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 standards. The Ethics Statement reflects similar principles to the Nolan Principles which form the basis of the “Members’ Code of Conduct”</li> </ul>
	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 Counter Fraud, Bribery and Corruption Policy and Framework which was revised and adopted during the year</li> </ul>
<p><b>Principle B</b>  <b>Ensuring openness and comprehensive stakeholder engagement.</b></p>	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 procedures in place 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> <li>➤ The Council’s COVID-19 response engaged a wide range of statutory and non-</li> </ul>



Governance Principle	Sub-Principle	Assurance on Compliance
		<p>statutory stakeholders. This allowed a comprehensive and multi-party response to the needs of the City and our response. This approach has provided a platform for the Council’s response to the Cost of Living crisis.</p> <ul style="list-style-type: none"> <li>➤ The Council has developed partnerships and engagement in response to City Wide Challenges, for example, economic recovery, SEND.</li> </ul>
	<p>2. Engaging comprehensively with institutional stakeholders</p>	<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 stakeholder forums</li> <li>➤ The Council has worked effectively with and across the public/private sector through the relaunched Partnership Board and the emerging ICB Board within Health.</li> </ul>
	<p>3. Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> <li>➤ Local focus and community engagement is successfully promoted through Neighbourhood Meetings or engagement with communities by the 3 ward councillors including social media, community meetings etc..</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>
<p><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></p>		
<p><b>Principle C</b> <b>Defining outcomes in terms of sustainable economic, social, and environmental benefits.</b></p>	<p>1. Defining outcomes</p>	<ul style="list-style-type: none"> <li>➤ The Derby Partnership Board agreed revised priority themes in 2022 of green, growth, vibrant and resilient that will form the basis of our shared work bringing together partners across the city. A new city plan is in development.</li> <li>➤ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People’s</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
		<p>Plan)</p> <ul style="list-style-type: none"> <li>➤ The Council Plan 2022-2025 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 <a href="https://www.derby.gov.uk">[2021/22 Annual Report (derby.gov.uk)]</a> 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 received at every meeting of Cabinet to ensure greater degrees of effectiveness and challenge to the Cabinet’s decision making</li> <li>➤ A Medium-Term Financial Plan (MTFP) with a focus on the next financial year (linked to the spending review) which aligns available resources to the activities of the Council and setting out the financial plans for the future</li> </ul>
	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> <li>➤ The reporting format includes additional assessment of climate change implications</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>➤ Corporate enabling boards, Working Smarter and Better Together established</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
		<ul style="list-style-type: none"> <li>➤ Performance Management Board (PMO) chaired by the Strategic Director of Corporate Resources</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 / Recovery Plan outcomes</li> <li>➤ Performance and Risk Surgeries are held to evidence challenge and drive improvements</li> <li>➤ The Council is focusing its transformation interventions around 4 partnership themes of Vibrant Derby, Growth Derby, Green Derby, Resilient Derby alongside 3 enabling programmes of Working Smarter, Better Together and Team Derby</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 for Councillors to intervene, such as via call in or the calling of extraordinary meetings, at any point in the year</li> </ul>
	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> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
		<ul style="list-style-type: none"> <li>➤ Service planning and objectives within the Managing Individual Performance 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 the PMO Board. This Assurance Board has strengthened the approval of business cases, delivery plans and lessons learnt from projects. The embedding of Corporate processes is now supported by a new SharePoint platform to further strengthen governance</li> <li>➤ Our Corporate Leadership Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan</li> </ul>
<p><b>Principle E</b>  <b>Developing its capacity, including the capability of its leadership and the individuals within it.</b></p>	<p>1. Developing the entity's capacity</p>	<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 Strategic Leadership Team (meeting once a week) and Corporate Leadership Team (meeting at least monthly)</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 and end of year reviews.</li> </ul>
	<p>2. Developing the capability of the entity's leadership</p>	<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> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
	and other individuals	<ul style="list-style-type: none"> <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>
<p><b>Principle F</b>  <b>Managing risks and performance through robust internal control and strong public financial management.</b></p>	1. Managing risk	<ul style="list-style-type: none"> <li>➤ Our Risk Management Policy, Strategy and Handbook was reviewed and updated. 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 Audit &amp; Governance Committee members</li> <li>➤ A Corporate Risk Management Group has been established, chaired by the Director of Legal, Procurement and Democratic Services , with Risk Champions identified in all directorates</li> <li>➤ Risks are regularly monitored on a corporate, departmental and service basis</li> <li>➤ The Audit Plan transitioned into a rolling programme rather than an annual programme to respond to emerging risks and to focus on COVID-19 and post Coronavirus impacts</li> <li>➤ Audit &amp; Governance Committee receive 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, the Corporate Leadership Team and Executive Scrutiny Board</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
	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) – this is being reassessed in 2022/23 in line with good practice on frequency.</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> <li>➤ An assessment against the CIPFA Financial Management Code was undertaken internally. This provided adequate assurance in respect of the Council’s Financial Management arrangements. However, financial resilience is impacted upon by the Council having relatively low levels of reserves</li> </ul>

Governance Principle	Sub-Principle	Assurance on Compliance
<p><b>Principle G</b>  <b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</b></p>	<p>1. Implementing good practice in transparency</p>	<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="#">Open data and transparency - Derby City Council</a></li> <li>➤ We comply with The Openness of Local Government Bodies Regulations 2014</li> <li>➤ We have a Whistleblowing Policy in place</li> </ul>
	<p>2. Implementing good practices in reporting</p>	<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>
	<p>3. Assurance and effective accountability</p>	<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. An assessment against the financial management code has been undertaken and reported in year. 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 to report.

### 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 2021/22 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 2022:

"The Head of Internal Audit's opinion for 2021/22 is that there is an "Satisfactory System of Governance, Risk and Internal Control "

Full details on the assurance provided by the Chief Audit Executive are detailed within the Internal Audit Annual Report for 2021/22 considered by the Audit and Governance



Committee on 15<sup>th</sup> June 2022.

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). A new assessment is planned for 2022/23

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

The Council published its' draft accounts in accordance with the Accounts and Audit Regulations. Resourcing issues within the Council's appointed auditor, Ernst Young and a pause on issuing opinions linked to national assessment in respect of accounting for infrastructure assets means that the Accounts for 2020/21 and associated opinions have not been issued. At this stage we do not believe there will be any material changes to the statements

The resourcing and timing of the External Audit Process from the appointed auditor remains a significant concern to the Council and its Audit and Governance Committee.

#### **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 were 222 Information Security Breaches reported, which equated to 188 actual breaches to the IG Team in 2021/22 of which 20 were reportable breaches to the Information Commissioners Office, but resulted in no enforcement actions. The most common breach was in respect of information being emailed to the wrong individual.

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 Internal Audit of the IG Framework, PSN Code of Connection, and NHS IG Toolkit Compliance and has a series of training courses in respect of GDPR and Cyber Security.

Investment continues in the Council's ICT infrastructure moving to the next phase of cyber defence development, leverage of new records management capabilities, and data loss protection technologies.

## **6. Project Management Officer (PMO) and Corporate Risk Group**

The Council continued to embed the Project Management Office arrangements and gateway reviews. This has been successful in ensuring projects managements arrangements are in place and that reviews take place at the appropriate points. In particular, new schemes are being assessed and assurances sought before the project moves to delivery stage. Significant steps have been taken in respect of project documentation and targeted support from the PMO Office building skills and supporting the timely process of gateway reviews.

During 2021/22 the Corporate Risk Management Group continued to be effectively chaired by the Director of Legal, Procurement and Democratic Services. Member oversight is provided through the Scrutiny and Cabinet processes and the portfolio holder sitting on the Corporate Risk Management Group. Director Assurance Statements provided as part of the AGS preparation 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 2021/22. 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. There were no significant governance breaches or weaknesses identified through this self-assessment. Areas for development are detailed at the end of this statement

## **What were the key governance issues in 2021/22?**

The key governance issues to be reported are:

### **Financial Resilience**

The Council focused on financial resilience to deliver a balanced budget. An overspend was reported in Quarter 1 that was mitigated through the introduction of a Spending Review Panel and a Placement Panel. This allowed the Council to report a small surplus at the end of 2021/22

Given, the Council's historically low level of reserves this needs to be actively managed during 2022/23 to support future financial resilience. An assessment against the CIPFA Financial Management Model concludes this is an area of relatively low resilience at the current time.

### **COVID-19 Recovery**

The Council consolidated its response to Covid during 2021/22 and provided funding and resources to allow a planned reintroduction of services and support to communities and businesses.

## **Long Term Waste Management Contract**

The Council (along with the County Council) continued in 2021/22 to preserve and assess the Waste Treatment Plant at Sinfin to establish the cost of remediation, future operation and Estimated Fair Value. This work continued throughout 2021/22 with the support of professional advisors. To date, it has not been possible to settle on an Estimated Fair Value with the funders. Discussions and negotiations are expected to continue through 2022/23.

## **Inspections**

Over the last year there has been significant activities in relation to external inspections. At the end of June 2021 Ofsted undertook a focused visit, where inspectors looked at Derby's arrangements for children in care. It was found that "strong performance had been sustained in the areas focused upon. Most children were in placements which met their needs and were supported by social workers who visited them regularly and understood their needs". The focused visit was followed up in March 2022, with a formally judged inspection of local authority children's services, which assessed Derby's overall effectiveness as 'outstanding'. There were two recommendations for improvement identified through this inspection, both of which related to the judgement in relation to children in care that was assessed as 'good', and followed-up from areas identified within the focused visit...

- Access for all children to life-story work that helps them to understand their histories.
- Sufficiency of placement choice and location for children in care.

The impact of leaders on social work practice with children and families and the experiences and progress of children who need help and protection were both judged by inspectors to be 'outstanding'.

In addition to the above, Ofsted and the Care Quality Commission, CQC, completed a re-visit of the local area in October 2021, to evaluate the progress that had been made in addressing the areas of weakness identified in the inspection of services for children and young people with special educational needs and/or disabilities. It was noted through this re-visit that "the area had made sufficient progress in addressing all of the significant weaknesses identified at the initial inspection", reflecting the impact of the significant work that has taken place since the 2019 inspection that resulted in the request for the local area to submit a Written Statement of Action (WSOA).

## **Election/Constitutional Changes**

The Council agreed to move to 4 yearly "all out" elections with the first all out elections taking place in May 2023. This allows more stability and development of a longer term planning horizon to deliver agreed outcomes for and with the City, As part of this the Council has commissioned externally support to review the constitution to support this

transition and to update constitutional arrangements in line with best practice seen in other Councils. This will be supported by a cross party working group

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

There were several governance issues raised in the 2020/21 Annual Governance Statement:

2021/22 Recommendation	Actions Implemented
<p>Ensuring the sustainable delivery of the Council’s vision and Corporate Objectives within a sustainable financial plan</p> <ul style="list-style-type: none"> <li>• Use predicative analytics to manage demand</li> <li>• Model financial scenarios</li> <li>• Implement and embed Partnership Working, Enabling Transformation Programme</li> </ul>	<p>Council Plan based around 4 themes of Resilient, Vibrant, Growth and Green Derby approved Feb 22 aligned to the MTFP and Budget for 2022/23</p> <p>2 Enabling Programmes, Better Together and Working Smarter established supported by additional resources from the flexible use of Capital Receipts permissions</p> <p>Balanced Budget achieved for the 2021/22 financial year</p>
<p>Manage Increased Demand for Council Services</p> <ul style="list-style-type: none"> <li>• Understand demand, dependency especially for statutory services, e.g. social care, homelessness</li> <li>• Investigate opportunities regarding market provision/sufficiency to reduce reliance on external provision</li> </ul>	<p>Improved monitoring of activity through CONTROC (Social Care system)</p> <p>Spending and Placement Review Panels created during 2021/22 to improve oversight, challenge and control. These delivered significant benefit and cost savings during the year</p> <p>Demand for Looked After Children continues to decline with increased prevention</p> <p>Market Sustainability and Costs still a significant issue. Children’s accommodation strategy agreed to develop more in-house and City provision</p>
<p>Strengthen Council Contract Management Framework</p> <ul style="list-style-type: none"> <li>• Implement revised corporate tools and reporting to support improved contract management and review</li> <li>• Provide revised toolkit for contract</li> </ul>	<p>Contract Management training developed and implemented across Council in 2021/22.</p> <p>Increased links to the accountability framework</p>

negotiation	
Embed the new Partnership Framework for planning and delivering services in the future	Partnership Board Governance developed around the 4 City Themes (Vibrant, Green, Resilient, Growth). Revised Terms of Reference implemented
Implement Partnership, Programme and Portfolio Management Approach	
<p>Project Management Governance</p> <ul style="list-style-type: none"> <li>• Implement SharePoint solution for Programme Governance</li> <li>• Train and embed new project governance across all Senior Responsible Officers and Project Managers</li> </ul>	<p>Implementation of Project Management Platform to standardise project reporting and governance</p> <p>Continued development of PMO Office and Board</p>
<p>Financial Management and compliance with the Financial Management code</p> <ul style="list-style-type: none"> <li>• Produce updated MTFP</li> <li>• Undertake specific training and interventions on areas identified for improvement in initial self - assessment</li> <li>• Link Financial information to Outcome planning to strengthen VFM</li> </ul>	<p>MTFP approved in February 2022</p> <p>Financial Management Code Assessment reviewed by Audit and Governance Committee, July 22 – improvement actions identified for a few areas of partial compliance</p> <p>Updated Service Review Approach including development of self-assessment tools</p>
<p>Further strengthen the Council’s arrangements and internal control environment around IT/Cyber Security</p> <ul style="list-style-type: none"> <li>• Investment in IT Hardware</li> <li>• Training</li> <li>• Resilience Testing</li> </ul>	<p>Investment in Cyber Security Measures included within the MTFP</p> <p>Mandatory Cyber training implemented</p> <p>Resilience testing undertaken</p>
<p>Review Corporate Capacity/ Caseloads in Statutory Services (e.g. children’s services) and review project management capacity to better focus on outcomes</p> <ul style="list-style-type: none"> <li>• Continuously review and assess safe practice</li> <li>• Investigate resilience with partners and providers</li> </ul>	<p>Caseloads are regularly monitored</p> <p>Reduced reliance on Agency Social Workers</p> <p>Social Work Practice identified as a strength in OFSTED inspection that led to a judgement of ‘Outstanding’</p>

## What are our key governance development priorities for 2021/22?

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:-

2022/2023 Recommendation	Responsible Officer and Target Implementation Date
<p>Ensuring financial resilience against a backdrop of significant changes in macro-economic conditions and contraction of public sector finance</p> <ul style="list-style-type: none"> <li>• Use predictive analytics to manage demand</li> <li>• Model financial scenarios</li> <li>• Implement and embed Service prioritisation and service reviews</li> </ul>	<p>Chief Executive Section 151 Officer SLT and CLT (All Directors)</p> <p>Ongoing quarterly reporting and implementation of mitigating actions (co-ordinated through the spending review panels)</p> <p>Setting of balanced budget, February 2023</p>
<p>Manage Increased Demand for Council Services</p> <ul style="list-style-type: none"> <li>• Understand demand, dependency especially for statutory services, e.g. social care, homelessness</li> <li>• Investigate opportunities regarding market provision/sufficiency to reduce reliance on external provision</li> </ul>	<p>Strategic Directors and Directors</p> <p>Prioritised and reported through Corporate Transformation Board</p> <p>Council approval for use of Flexible Use of Capital Receipts agreed September 2022</p>
<p>Undertake Constitutional Review</p> <ul style="list-style-type: none"> <li>• External Review</li> <li>• Cross Party Panel</li> </ul>	<p>Director of Legal, Democratic and Procurement (Monitoring Officer)</p> <p>Ongoing Review</p> <p>Target adoption before May 2023</p>

## Assurance Opinion by Leader of Council and Chief Executive

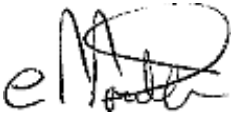

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by senior management. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically 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 2021/22 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2022/23. Whilst recognising this, it should be noted the national macro-economic conditions and cost of living crisis is placing intense strain on the framework of public finances and by implication the ability to deliver services. The Council continues to work with and for the City in responding to this challenge. However, 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.

This Annual Governance Statement was approved by Audit & Governance Committee on 5 October 2022. It was noted however, that the Annual Governance Statement needed to be current at the time of final approval of the accounts. Due to delays in the accounts sign-off process, approval has been sought by the Chief Executive and Council Leader (for 2021/22) prior to re-publication in December 2024.

Signed on behalf of Derby City Council:

<p>Councillor Christopher Poulter, Leader of the Council</p>  <p>9 December 2024</p>	<p>Paul Simpson, Chief Executive</p>  <p>6 December 2024</p>
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