ANNUAL GOVERNANCE STATEMENT 2015/16

A   SCOPE OF RESPONSIBILITY

South Derbyshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act of 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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, which includes arrangements for the management of risk.

Consequently, the Council has formulated a 'Local Code of Corporate Governance', which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This Code is subject to a half-yearly review and is monitored by the Council's Audit Sub Committee. The Sub-Committee approved the Code for 2015/16 in June 2016 and this is at:

http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1942/Committee/412/Default.aspx

This Annual Governance Statement explains how South Derbyshire District Council has complied with the Local Code of Corporate Governance and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, in relation to the publication of a statement on internal control.

B   THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The Governance Framework comprises:

- The systems and processes, culture and values, by which the Council is directed and controlled.

- The activities through which it accounts to, engages with and leads the community.

It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate economical, efficient and effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process, designed to identify and prioritise the risks to the achievement of the Council's policies, aims and strategic objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, in order to manage them efficiently, effectively and economically.

The Governance Framework detailed in this Statement has been in place at South Derbyshire District Council for the year ended 31st March 2016, up to the date that the Annual Report and Statement of Accounts were approved.

C   THE GOVERNANCE FRAMEWORK AT SOUTH DERBYSHIRE

The key elements of the systems and processes that comprise South Derbyshire District Council's Governance Framework are set out in the following sections.

Decision Making

The Council operates under a Constitution. This sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It sets out the individual roles and responsibilities of Members and the three statutory officers (i.e. the Head of Paid service, the Chief Finance Officer and the Monitoring Officer).

The Full Council makes decisions on key policies and sets the budget and levels of local taxation for the Council's services. The Constitution includes the delegation from Full Council down to the Policy Committees and provides a Scheme of Delegation to Officers.

Policy Making

This is facilitated through 3 policy committees which are responsible for the main service areas of the Council and are:

- Environmental and Development Services
- Housing and Community Services
- Finance and Management

Each Committee is governed by its own Terms of Reference, as laid down in the Constitution. Meetings of these committees are open to the public, except where issues of an exempt nature are being disclosed.

An Overview and Scrutiny Committee has 'call-in' powers to consider the appropriateness of Policy Committee decisions. It also shadows the policy committees, supports policy development and review, together with carrying out external reviews on issues that affect South Derbyshire.

Six Area Forums, a Parish Liaison Meeting and a Flood Liaison Meeting are well established and these meet throughout the year. These forums are designed to improve community involvement in decision-making and provide a continuous link with local residents, parish councils, the voluntary sector and other public bodies.

Governance and Accountability

The Council designated the Legal and Democratic Services Officer as its Monitoring Officer during 2015/16.

It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of the Council's Paid Service (the Chief Executive) and Chief Finance Officer, the Monitoring Officer will report to Full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration.

Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

In addition, the Council operates 2 regulatory committees focusing on Development Control (planning applications and enforcement) and a Licensing and Appeals Committee.

Furthermore, a Standards Committee, which contains independent (of the Council) members, oversees the conduct of elected councillors.

Accountability for the use of public funds and service provision is largely undertaken through the annual publication of a Statement of Accounts and an Annual Report.

The Local Code of Corporate Governance

The Council has adopted a National Code developed by CIPFA/SOLACE. The Code is subject to regular six monthly reviews by Senior Officers reporting to the Audit Sub-Committee. This helps to inform this Governance Statement.

Standards of Financial Conduct

Financial management is conducted in accordance with financial management and procedural rules, as set out in Part 4 of the Constitution. The Council has designated the Director of Finance and Corporate Services in accordance with Section 151 of the Local Government Act 1972.

This Officer is responsible for making arrangements for the proper administration of financial affairs in accordance with best professional practice.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

In addition, under the Code of Audit Practice, the Council has a responsibility to ensure that its affairs are managed in accordance with proper standards and to prevent and detect fraud and corruption. The Council has adopted a Fraud and Corruption Strategy.

The financial management system includes:

- A Medium Term Financial Plan

- An annual budget cycle incorporating Council approval for revenue and capital budgets, together with a Treasury Management Strategy

- Financial Procedure Rules that are reviewed as required

- Process and procedure guidance manuals

- Annual Accounts supporting stewardship responsibilities, which are subjected to external audit and which follow Proper Accounting Practice and International Financial Reporting Standards

- Regular budget monitoring by budget holders through monthly financial monitoring reports

- Identification of financial risks that are regularly reviewed and updated

Standards of Overall Conduct

Members and Officers of the Council operate under codes of conduct. These codes provide a set of standards of conduct expected of employees at work and for councillors in performing their public duties. In addition, both Members and Officers are required to declare interests and register gifts and hospitality which are valued at over £100.

The codes take into account the requirements of the law and the provisions of official conduct in the appropriate National Conditions of Service (for employees).

The Council Leader and the Chief Executive are the Corporate Governance Champions for Members and Officers respectively, designed to create a climate of openness, support and respect, promoting a strong ethical culture and upholding the values of good governance.

The Standards Committee hears Member Code of Conduct complaints referred by the Monitoring Officer in line with the procedure for considering such complaints.   These are complaints against elected Members of the District Council and elected or co-opted Members of the Parishes of South Derbyshire. The Standards Committee is also informed of complaints not referred to them for consideration and dealt with by Monitoring Officer, with a summary of the outcome in relation to each matter.

Development of Members and Officers

Members and officers receive a formal induction tailored to their role in the Council, including when they take on new roles. The Council has adopted an e-induction system for Officers and induction training is undertaken by Members at the beginning of each four year term of office. Member role profiles exist under Section 6 of the Constitution.

Members also have access to regional training courses and seminars organised through the forum of East Midlands Regional Councils.

In addition, on an annual basis, existing and new Members of the Development Control, Standards and Licensing & Appeals Committees must attend training sessions to enable them to continue to sit on these Committees, to ensure that they are fully briefed on all new developments in these areas.

The Council provides a full range of development opportunities for Members with ad-hoc training and briefing sessions.

Establishing Council Objectives

These are set out in the Council's Corporate Plan. This is effectively the Council's business/forward plan, set for five years and reviewed on an annual basis. This plan sets out the Council's vision for South Derbyshire, its values and the priorities for delivering services for local communities.

The Sustainable Community Strategy for South Derbyshire (2009-2029) is co-ordinated by The South Derbyshire Partnership. This sets out the District wide priorities across a range of public service providers that include the District Council, County Council, Police, Health Authority and the Voluntary Sector. This plan aims to improve the overall economic, social and environmental wellbeing of South Derbyshire by addressing issues that are important to the local community, business and service providers.

Compliments and Complaints

The Council has a Corporate Compliments and Complaints Policy. This is used to help identify service improvements from compliments, complaints and other comments received. Information is collated centrally and reported half yearly to the Finance and Management Committee, where performance can be challenged and areas for improvement identified.

Arrangements are also in place for dealing with and monitoring Ombudsman's complaints and reporting annually to Full Council.

The Council also has arrangements in place for whistleblowing to which staff and all those contacting the Council have access. The confidential reporting code is reviewed regularly and publicised.

Organisational Assessment and Performance Review

The Council has in place a range of Key Performance Indicators (KPIs) which it uses to measure performance. Indicators are developed for each of the Council's main priorities in the Corporate Plan, alongside specific indicators in service plans.

In addition to the Annual External Audit placed upon the Council, the main organisational assessment is around Value for Money. This assessment is undertaken by the Council's External Auditors who judge and report on the Council's arrangements for:

- Securing financial resilience
- Challenging and improving value for money

From time-to-time, External Audit also undertakes specific detailed studies on a certain activity or aspect of the Council and makes recommendations for improvement where necessary.

Data Quality

A key element of reporting performance is the information that underpins it, i.e. data quality. This is to ensure that the Council arrangements for recording and collecting information are robust so that the evidence and management information is relaible. The Council has adopted a Strategy to govern data quality and its arrangements are subject to regular review, including an annual audit.

Data Management

The Council has a Data Retention Policy which set out its requirements to ensure compliance with Data Protection and Freedom of Information Requirements.

Business Improvement

To support service delivery, the Council has, through its Strategic Corporate Services Partnership with Northgate Public Services (NPS) a Business Improvement Team function. This is intended to co-ordinate greater efficiency and effectiveness in the use of Council resources and works to an improvement programme which is overseen by a Business Improvement Board.

Procurement

NPS also provide a dedicated central procurement unit to ensure that purchasing is legal, ethical and accountable and is carried out in accordance with regulatory and legislative requirements.

Continuous Service Review

The Council reviews all service areas in the Council. This is designed to identify transformation and efficiency opportunities to ensure that services remain efficient and effective as possible.

A key aim is to identify efficiency savings and in particular cashable/budget savings without adversely affecting service delivery. This has seen significant changes made in "back office" services in particular in recent years.

Managing Performance

The Council's performance framework is largely developed from national requirements and regulatory frameworks, together with local issues that are emerging from the Sustainable Community Strategy. An outline of the framework and its components is shown in Figure 1, below.

Figure 1 – South Derbyshire District Council – Performance Framework
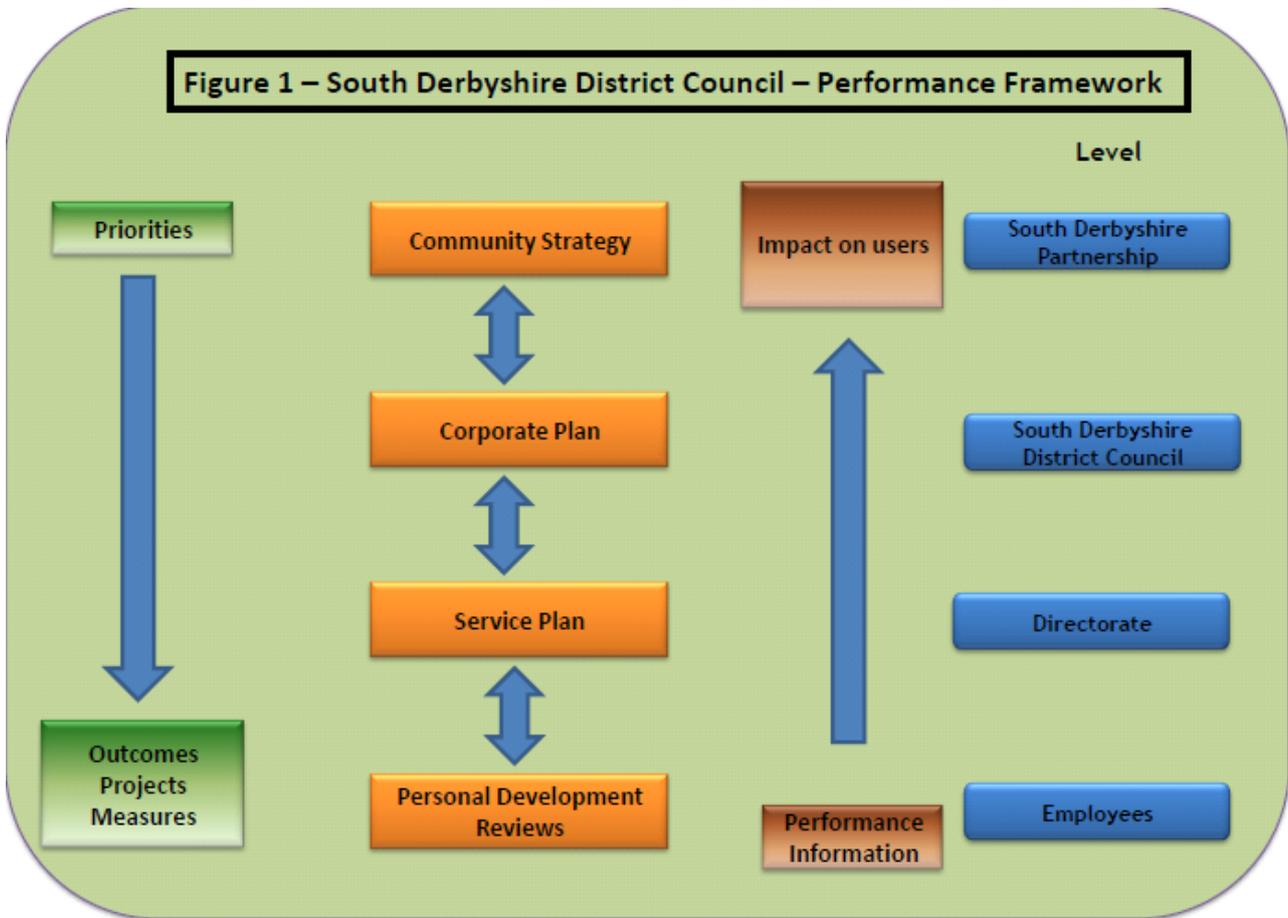
The **Community Strategy** sets the long-term vision and community goals for all agencies in South Derbyshire. This was reviewed in 2009 and a new Strategy implemented for the period 2009-2029.

The Council's **Corporate Plan** describes how the Council provides services to support the Community Strategy and focuses resources on key priorities, together with actions for improvement. This is an integral part of the Council's Performance Management Framework and the actions set out how key priorities are delivered together with measures of success. The development of the Corporate Plan takes place alongside the development of the Medium Term Financial Plan to ensure that the corporate priorities are fully resourced.

Service Plans are the cornerstone of the performance framework and demonstrate how each section of the Council will deliver improvements in line with priorities detailed in the Corporate Plan.

Performance Development Reviews provide employees with a clear understanding of how their work is enabling the Council to deliver the priorities detailed in the Corporate Plan, together with identifying their own individual training needs.

Partnership Working

The Council works in partnership with many other public agencies, including the voluntary sector and private organisations to deliver its services. The extent of these partnerships varies across the Authority.

The Council's most significant partnerships are the South Derbyshire Partnership and the Safer South Derbyshire Partnership for Derbyshire. These partnerships are properly constituted and Committees are established (comprising representatives of the Council) who monitor and review progress.

The governance arrangements include a constitution and terms of reference. They have annual action plans which are monitored and reported quarterly to the relevant Strategic Boards. The Council receives annual reports on their performance which identifies the outcomes of partnership work and the financial implications of their work undertaken.

Risk Management

The Council has adopted a Risk Management Policy Statement, which sets out the principles, responsibilities and commitment to dealing with risk. Backed-up by a detailed framework, it is effectively the process for the management of risk throughout the Council.

The Council, through its service planning process, has a system for identifying and evaluating significant risks. Each service plan contains a risk register and this is developed and maintained by Officers involved in planning and delivering services.

In addition, the Council's Corporate and Financial Plans identify and evaluate risk at a more strategic level. Furthermore, evaluation of proposals for new spending and capital investment includes a risk assessment analysis.

The Council's risk management process provides a framework to embed risk within services. It also includes guidance for managers in assessing and treating risk.

Internal Audit

Under the Account and Audit Regulations 2003 (as amended) the Council maintains an Internal Audit function, through the Central Midlands Audit Partnership (CMAP) which operates to the standards set out in the Code of Practice for Internal Audit in Local Government in the UK.

This function provides an independent evaluation on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
Internal Audit works with an annual plan, agreed with and monitored by Members and Senior Officers. It provides opinions on internal controls in place to manage risks across the Council's activities. Its plans and outputs are monitored and challenged by the Council's Audit Sub-Committee.

Internal audit is the main means by which the Council obtains assurances that systems are operating effectively. Internal Audit is required to issue an Assurance Statement (Annual Report) each year that provides an assessment of the Council's internal control system.

Health and Safety

The Council has a Health and Safety Policy and an Annual Action Plan that sets out the Council's commitment to health and safety and identifies those positions with responsibility under the policy. There is also a quarterly Employee Health and Safety Committee, where representatives from the trade unions meet with service managers and Members. The Committee monitors policies, work practices and reviews accident statistics.

The Council's Audit Sub-Committee

Under its terms of reference, the Committee provides independent assurance of the adequacy of the risk management framework and the associated control environment.

It also provides independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment. The Sub-Committee also oversee the Authority's corporate governance arrangements in relation to financial matters

External Scrutiny

Ernst & Young LLP (EY) is the Council's appointed external auditor. Besides auditing the accounts and financial statements of the Council, they also focus on more strategic performance and financial management arrangements. This includes reviewing arrangements in place for securing value for money.

The Audit Sub-Committee and Officers of the Council meet regularly with the external auditors to discuss planned and on-going external audit activity through the Annual Audit Plan.

From time-to-time, the Auditors undertake specific reviews and issue reports with action plans to aid improvement in specific areas. The Annual Audit Letter summarises the conclusions and significant issues arising out of their audit and other inspections undertaken. The outcome of all inspections and audits are used to plan and improve Council services.

ICT (Information Communication Technology)

The Council would not be able to operate without an effective ICT infrastructure in place. The Council's ICT Strategy is designed to ensure that the appropriate infrastructure is in place to enable the Council to deliver its services effectively and implement the Council's Corporate Plan.

Therefore, the ICT Strategy is aligned to the strategic objectives of the Council, with technology being used as an enabler of business change to support the Council's priorities. The ICT infrastructure in place enables the Council's service areas to concentrate on delivering their customer and business requirements.

Appropriate safeguards are in place to ensure the integrity of the Council's ICT infrastructure and this is subject to an annual audit and independent health check. In addition, the Council complies with national best practise for security as contained within the Public Services Network (PSN) Code. Under this Code, the Council's ICT security arrangements are tested and reviewed each year by an independent organisation, approved for such work.

Transparency in the Publication of Information

The Council is required to publish a wide range of information on its services. The Council accounts for the use of resources and publishes this in an Annual Statement of Accounts.

http://www.south-derbys.gov.uk/council_and_democracy/council_budgets_spending/statement_of_accounts/default.asp

The Council also publishes an Annual Pay Policy Statement which details the pay and remuneration of senior officers, together with the relationship between the pay of the highest paid officer and other officers.

The latest Policy Statement which was published on 1st April 2016 can be viewed at:
http://www.south-derbys.gov.uk/our_website/open_data/pay_policy/default.asp

In addition, the Council also publishes on its web site, details of all payments (excluding those to employees) in excess of £250, details of procurement card transactions, together with remuneration and expenses paid to Members. There are also details regarding assets owned, including council housing. This is information is available at:
http://www.south-derbys.gov.uk/our_website/open_data/default.asp

D   REVIEWING THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework, including the system of internal control. The review of effectiveness is informed by the work of the Senior Management Team, who has responsibility for the development and maintenance of the governance environment.

This is backed up by Internal Audit reports on the audits conducted through the year, and also by recommendations made by the External Auditors, together with any other review agencies and inspectorates.

As part of an on-going review, the overall framework was strengthened in 2015/16 following a work programme arising out the Governance Statement for the previous year 2014/15. These are detailed in **Section E**.

The overall processes and indicators that have been applied in maintaining and reviewing the effectiveness of internal control during the year 2015/16 are set out in the following sections.

Overall Corporate Governance

The Council continued to apply its Local Code of Corporate Governance based on recommended best practice, as developed by CIPFA/SOLACE. This Code sets out the systems by which the Council directs and controls its functions. It was reviewed twice during the year with a work programme, monitored by the Audit Sub Committee, being progressed to maintain and improve overall Governance.

ICT Security

During 2015/16, work continued in order to comply with the Government's Public Sector Network (PSN) security standard. This included a major upgrade of the Council's network.

There was one major security incident which arose during 2015/16. This related to a malware virus which penetrated the Council's network. No damage occurred and no data was lost, although there was some temporary business interruption.

After identifying the source of the virus, further training and awareness sessions were provided to Council employees on ICT security. No changes to systems or processes were required.

The Government's Cabinet Office certified the Council as being PSN compliant in April 2016.

In 2016/17, the main focus for ICT will be to strengthen the Council's disaster recovery arrangements. In particular, options will be considered for the transfer of ICT infrastructure into a remote data centre, with the possibility of utilising cloud based technology. This was approved by the Council's Finance Committee in April 2016.

The System of Internal Audit

Internal Audit is responsible for monitoring the quality and effectiveness of internal control. They review all fundamental financial systems each year and other systems over a five yearly cyclical period. This is based on a risk assessment of each service area.

Internal Audit reports to the Council's Audit Sub-Committee on a quarterly basis. The reporting process requires a report of each audit to be submitted to the relevant service manager.

The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by managers. The process includes reviews of recommendations by the auditors through a tracking system, to ensure that they are acted upon.

Under its terms of reference, the Audit Sub-Committee considers in detail any recommendations that are found to have a potentially "high-risk" impact on the Council's control environment. These are subject to on-going monitoring until all recommended actions have been implemented.

Reports to the Audit Sub-Committee provide an overall assurance rating of each system or service area subject to audit. This includes a statement as to whether there are any possible implications for the Annual Governance Statement. All audits completed during 2015/16 found no material weaknesses which could affect the Governance framework.

Outstanding Recommendations

However, during 2015/16 the Audit Sub-Committee raised concerns regarding the number of recommendations which had been accepted by service areas, but which had not been implemented and had passed their original action date. After consideration of the potential implications, the Committee asked that the matter be escalated to the Council's Corporate Management Team.

Consequently, the internal procedure for monitoring outstanding recommendations was changed to embed an escalation process. It should be noted that none of the recommendations involved were significant and most had been assigned a low risk.

The Effectiveness of Internal Audit

The Council has adopted the Public Sector Internal Auditing Standards as set out by the regulatory body (CIPFA). This requires Internal Audit to operate within an Internal Audit Charter, together with a Quality Improvement and Assessment Programme.

Performance against this programme is reported to the Audit Board which oversees the performance of the Central Midlands Audit Partnership (CMAP) in conjunction with other partners and service clients.

Under Auditing Standards, CMAP are subject to an independent review of their operational effectiveness at least once in every 5 years. The next review for CMAP is planned for 2017/18.

Annual Internal Audit Report

Under the Code of Practice for Internal Audit in Local Government in the United Kingdom (2006) the Head of Internal Audit (HIA) provided a written report to those charged with governance.

This was considered and noted by the Council's Audit Committee on 15th June 2016. The Head of Internal Audit gave an opinion on the overall adequacy and effectiveness of the Council's internal control environment for 2015/16. The opinion is detailed below:

*"Based on the work undertaken during the year, I have reached the overall opinion that **there is an acceptable level of internal control within the Council's systems and procedures**. I have arrived at this opinion having regard to the following:*

- *The level of coverage provided by Internal Audit was considered substantial.*

- *Only 2 reports provided a 'Limited' control assurance rating, all others were either 'Comprehensive' or 'Reasonable'.*

- *There wasn't any 'critical risk' or 'significant risk' recommendations made 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 work that Internal Audit has undertaken in 2015-16.*

- *All but one of the issues raised within the internal audit reports have been accepted. This related to declarations of interest.*

- *Internal Audit's recommendations, or alternative proposed actions made by Management in response to the risk issue, have been agreed to be implemented in all cases but seven low risk issues, where management has chosen to accept the risk.*

- *The Council's system of risk management was finalised in May 2015 and the overall level of assurance at that time was considered Comprehensive. Three of the four low risk recommendations made have now been addressed.*

- *Our overview of the Council's Data Quality through a combination of control self-assessment and specific audit testing deemed that the overall control environment was Comprehensive.*

- *Internal Audit's coverage during 2015-16 included an appropriate range of governance areas. The Ethical audit into Declarations of Interest attracted a 'Reasonable' rating.*

- *Internal Audit investigated the circumstances which led to a cash collection discrepancy for the Council during 2015-16 and provided management with assurance that appropriate control improvements had been made.*

This opinion is provided with the following caveats:

- *No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.*

- *Full implementation of all agreed actions is essential if the benefits of the control improvements detailed in each individual audit report are to be realised."*

Communication

Corporate communication covers the full range of media management, publications, external and internal communications. This is provided by a central team within the Council.

By targeting communication activities, the Council can enhance its reputation and profile at a local and national level in its role as a community leader. Good corporate communications can encourage people to feel positively about the Council because they are better informed, have higher levels of satisfaction and can make an assessment on whether they are getting value for money.

The Council's Communications Strategy and Action Plan is reviewed and updated on an annual basis. It is reported to and considered by the Council's Finance and Management Committee in June each year.

A series of media campaigns are also undertaken by the Council each year. During 2015/16, these included:

- Raising the profile of the Council's tourism area within the National Forest
- Raising the profile of the South Derbyshire Business Advice Service
- Highlighting the leisure programme being actioned to keep the Olympic legacy alive
- Promoting local events such as Liberation Day and International Women's Day
- Producing a "Champions of Recycling" animated film to increase recycling

In doing this, the Council continued to make greater make use of social media in the year through a Twitter feed which has approximately 6,000 followers (up from 5,000 in the previous year) together with the publication of environmental, housing, leisure and community activities on Facebook.

In addition, the Council developed the use of "Hash tags" to promote community events such as the holiday and festive period activities.

Consultation

The Corporate Plan is informed by consultation and is based on the views of stakeholders including local people, voluntary and community groups, together with local businesses.

During 2015/16, the Council reviewed its Corporate Plan. Following a period of review and consultation, the Council published a new Corporate Plan which was adopted in March 2016. The new Plan maintains many of the previous themes in the previous Plan, but badged under the priorities of "*People, Place and Progress.*"

A new set of performance indicators and projects were approved in order to deliver the Plan over the next 5-years. The priorities are underpinned by a set of corporate outcomes, which includes "*Good Governance.*"

The Local Plan

The Local Plan sets out the Council's proposals for future growth of the District regarding residential development and regeneration. As one of the fastest growing areas in the country outside London and the South east, this is a major issue for the Council.

Consultation continued during 2015/16 on the Council's Local Plan. Following extensive consultation during 2014/15 on Part 1, further consultation was undertaken on modifications, together with consultation on Part 2 of the Plan. Part 2 sets out proposals for delivering growth on smaller residential sites.

Consultation Undertaken

The Council's Consultation Strategy aims to coordinate consultation activities between the services within the Council and with key partners, to ensure that residents' views are used effectively to inform council decision-making. This Strategy is reviewed and updated on an annual basis.

During 2015/16, there was a wide-ranging series of consultation in order to inform service provision. The main areas of consultation focused on:

- The provision of sport facilities with people aged 17 – 25
- A vision for the Town Centre
- Leisure and physical activities for the over 50's
- Housing tenant satisfaction survey
- A new sports and community facility strategy
- A new tenancy agreement for council house tenants
- A local community governance review
- The development of local dementia services
- The development of a new web site to access information and transact with the Council

The Constitution

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure that its aims and principles are given full effect. Major changes to the Constitution have to be approved by Full Council and reflect any changes to the Council's structure and responsibilities.

The Constitution was reviewed and updated in January 2016. This reflected changes to ICT protocols, codes of conduct and the terms of reference of policy committees.

Work of the Overview and Scrutiny Committee

Under the Constitution, the Overview and Scrutiny Committee has the power to "call in" a decision, which has been made by a policy committee but not yet implemented, to enable them to consider whether the decision is appropriate.

No decisions were called in during 2015/16.

The Overview and Scrutiny Committee also scrutinises key service issues and priorities in the Corporate Plan, recommending and reporting back actions to the main policy committees.

Their annual report to Full Council set out details of their work and outcomes during the year. The Annual Report for 2015/16 is available at:

http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1947/Committee/413/Default.aspx

In particular, the Committee scrutinised and supported the following areas:

- Section 106 health based NHS contributions
- NHS domiciliary dental service provision
- Fibre optic works by SKY
- Cemetery provision
- Electoral services
- The annual Festival of Leisure
- Community grant funding process
- The Council's budget proposals for 2016/17
- Council Tax arrears
- Regulation of Investigatory Powers Act 2000

Propriety in the Conduct of Business

In respect of 2015/16, the following matters are noted.

Complaints

There were no cases of maladministration found against the Council.

However, following a complaint raised by a third party, the Local Government Ombudsman did find in favour of the complainant. The Council accepted an error in its processes, apologised to the complainant, reimbursed some costs (which were not significant for the Council) and scheduled training for staff involved in the process.

Code of Conduct

There were no breaches of either the Member or Employee Codes of Conduct which warranted formal investigation by the Council, or referral of a matter by the Monitoring Officer to the Standards Committee.

Register Of interests

There were no known issues raised in the year regarding the register of interests and declarations of gifts/hospitality.

Whistleblowing

In April 2016, one whistleblowing matter was raised with the Council. This was being investigated in accordance with the Council's Whistleblowing Policy and was still under investigation as at 31st May 2016.

Data Protection

The Council were contacted by the Information Commissioner's Officer (ICO) to explain a response relating to a Freedom of Information Request (FOI) received during the year. This followed a complaint from a third party that the Council had withheld information that it should have released.

Following the Council's response, the ICO was satisfied that the Council was correct in how it had handled this particular request within the FOI regulations and that no further steps were required.

Health and Safety

There were 7 reportable accidents under Health & Safety Regulations during 2015/16 involving either council employees or members of the public. This compares with 5 in both 2014/15 and 2013/14, 3 in 2012/13 and 10 in 2011/12.

Following investigation of each accident, risk assessments were reviewed and updated as appropriate. No enforcement or other action was taken by the Health & Safety Executive (HSE) regarding these accidents.

The HSE did however raise an issue regarding a "*material breach of manual handling procedures*" following a one day inspection at the Council's work depot. Consequently, the Council reviewed and updated its risk assessment procedure in this area and the HSE were satisfied with the Council's actions.

Legal Claims

The Council had an award made against it following proceedings at an Employment Tribunal. There were no significant implications for the Council's operations and the financial cost was not considered material.

In addition, during the year the Council had several appeals upheld regarding refusals of planning permission. These arose where refusal by the Council's Planning Committee for residential development, was subsequently overturned on appeal by the Government's Planning Inspector.

The costs are material but had previously been provided for in the Council's accounts.

Monitoring Performance

The Performance Management framework specifies the performance monitoring regime. A "traffic light" monitoring system is used to highlight areas at risk of not being achieved.

During the year, policy committees received quarterly performance monitoring reports and agreed remedial measures where these were necessary. In addition, the Finance and Management Committee received quarterly financial monitoring reports. Performance reporting includes a review of both service and corporate risks.

The monitoring framework was reviewed and update in April 2016 following the adoption of the new Corporate Plan. This framework will be introduced for monitoring performance from 2016/17.

Service Recognition

Several areas of the Council's work is regularly checked independently and recognised as being of an excellent standard. The following awards were achieved in the following areas in 2015/16.

Health and Safety - the Council continued to attain the Gold Award in the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Programme. This is in recognition of an excellent safety record. The Award is only given to those organisations that have demonstrated their commitment to continuous improvement in accident and ill health prevention.

Development of Staff - the Council continues to qualify for Investors in People (IIP) accreditation following an independent review. This is a national quality standard for the training and development of employees.

Environmental Management – the Council attained an international standard in 2015 for its approach to reducing the carbon footprint in its own services and for supporting work across the District.

Leisure Facilities – the Council has attained a Green Flag Award for its urban parks acknowledging how well they are maintained and managed and for providing good facilities.

Town Centre – the Council is nationally recognised as providing the best small market and is recognised regionally as providing the best Farmer's market.

Business Continuity

During 2014/15, the Council's arrangements for business continuity in the event of major disruption to its services, was subject to an internal audit review. The review gave only a limited assurance rating highlighting several areas of weakness to be addressed. None of the Audit recommendations arising from their report were considered to be high or significant.

Consequently, a work plan was progressed during 2015/16. A Resilience Liaison Forum has been established which brings together key people from across the Council, supported by the County Council's Emergency Planning Team. This Forum is tasked with co-ordinating planning, reviewing issues and overseeing development.

Value for Money (VFM) Assessment

The External Auditor is required to make a judgement on the Council's arrangements for securing value for money. During 2015/16, their opinion was as follows:

"On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that, in all significant respects, South Derbyshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015."

In addition, the Annual Audit Letter of the External Auditor reports any significant weaknesses in the overall control framework. None were reported in 2014/15. The Audit Letter for 2014/15 is available at:

http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1834/Committee/388/Default.aspx

E   KEY GOVERNANCE ISSUES FOR SOUTH DERBYSHIRE

The Council operates within a changing environment with constant development in electronic communications and increasing public expectations. The Council has also in recent years dealt with fairly large reductions in its overall core funding from Central Government.

Consequently, Governance needs to be subject to constant review to take account of changing circumstances. Indeed, issues identified in the corresponding statement for 2014/15 have been addressed in 2015/16, together with other developments to strengthen Governance at the Council. In particular, during 2015/16, the Council:

- *Developed and adopted a new Corporate Plan for the period 2016 to 2021.*

- *Updated its Constitution*

- *Strengthened is business continuity arrangements*

- *Reviewed it declaration of interest procedure in accordance with nationally recognised ethical standards.*

These actions were noted by the Audit Sub-Committee on 15th June 2016 following consideration of a detailed report.

Work Plan 2016/17

The areas identified for development during 2016/17 are:

- An independent review of the Council's policies regarding information governance and compliance. This follows a report that was considered and approved by the Finance and Management Committee in December 2015 to strengthen the Council's framework.

- A review of mandatory training courses. This follows an internal audit report in April 2016 regarding governance, which made some recommendations to ensure relevance and consistency of approach.

- A review of ICT disaster recovery procedures. This follows an independent report into the Council's procedures in April 2016 which highlighted further process maps and documentation to be drawn up in the event of a disaster.

- A review of access to information regulations and committee work programmes. These have not been reviewed for several years and may require updating.

- Development of service continuity plans for inclusion in the Council's Business Continuity Plan. This is the final action required from the audit of the Council's arrangements in 2014/15.

These developments are set out and included in the Governance Work Plan for 2016/17 in **Appendix 1.**

Council Sign Off

We propose over the coming year to take steps to address the issues identified in the Work Plan to further enhance our governance arrangements. 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. This Annual Governance Statement is signed by the Leader of the Council and the Chief Executive on behalf of South Derbyshire District Council.

Signed: ……………………………………………………
                              (Leader of the Council)

Dated: ……………………………………………………

Signed: ……………………………………………………
                              (Chief Executive)

Dated: ……………………………………………………

APPENDIX 1: GOVERNANCE WORK PLAN 2016/17

Work Area	Timescale	Responsible Officer (s)	Governance / Corporate Plan Priority	Action and Outcome
Continue to review the Local Code of Corporate Governance and to monitor the Governance Work Plan for the year	½ yearly review	Legal and Democratic Services Manager	This is the overall framework that monitors the priority outcomes for the Corporate Plan	Reviews to be held in December 2016 and June 2017
Information Governance	March 2017	Director of Finance and Corporate Services	To ensure that the Council complies with data protection principles and safeguards the data that it manages	Policies and monitoring arrangements to be reviewed during the year to ensure consistency of approach and compliance
Employee Training	September 2016	Director of Community and Planning Services	To ensure employees are up to date and aware of statutory duties and corporate matters in undertaking their roles	Mandatory training courses to be reviewed to ensure relevance, target audience and consistency of approach
ICT Disaster Recovery Procedures	July 2016	Director of Finance and Corporate Services	To ensure that the Council has fully documented processes for ICT in the event of a business continuity issue	Full documentation regarding procedures to be set out

Access to Information Regulations and Work Programmes	June and November 2016	Legal and Democratic Services Manager	To ensure that the Council complies with freedom of information requirements and is open and transparent in its reporting	Ensure that compliance is consistently applied, review guidance and develop forward work programmes for the main policy committees of the Council
Business Continuity	October 2016	Director of Finance and Corporate Services	To ensure that sufficient information is available at Directorate level to enable individual services to react to business continuity issues	Each service has a quick reference guide to quickly and practically assess the impact of business interruption