

**SOUTH DERBYSHIRE DISTRICT COUNCIL**

**ANNUAL GOVERNANCE STATEMENT 2011/12**

**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. South Derbyshire District Council also has a duty under the Local Government Act 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, South Derbyshire District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.

South Derbyshire District 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'. A copy of the Code is on our website at [www.south-derbys.gov.uk](http://www.south-derbys.gov.uk) or can be obtained from the Head of Corporate Services, Civic Offices, Civic Way, Swadlincote, Derbyshire, DE11 0AH.

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 South Derbyshire District Council is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables South Derbyshire District Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective and efficient 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 ongoing process, designed to identify and prioritise the risks to the achievement of South Derbyshire District Council's policies, aims and strategic objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at South Derbyshire District Council for the year ended 31st March 2012 up to the date that the Annual Report and Statement of Accounts are approved.

## **C The Governance Framework**

The key elements of the systems and processes that comprise South Derbyshire District Council's Governance Framework are as follows:

### **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 further it 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 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.

The Overview and Scrutiny Committee have 'call-in' powers to consider the appropriateness of Policy Committee decisions. It also shadows the policy committees, supports policy development and review and it carries 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. They 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 has designated the Director of Operations as its Monitoring Officer. It is the function of this 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 (Head of Corporate Services), 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 is chaired by an independent member, oversees the conduct of elected councillors and assists in setting and promoting the ethics agenda for the Council. The future of the Standards Committee and its composition is currently under review as part of the Localism Act 2011.

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

### **Code of Corporate Governance**

The Code was updated back in 2008 to reflect the new Governance Framework developed by CIPFA/SOLACE. It is subject to regular six monthly reviews by a Senior Officer Group reporting to the Audit Sub-Committee.

### **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 Head of 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 linked to Service Plans
- An annual budget cycle incorporating Council approval for revenue and capital budgets, as well as treasury management strategies
- 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 regularly challenged, both internally and externally

## **Standards of Overall Conduct**

Elected councillors and employees 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 Officers and Members are required to declare interests and register gifts and hospitality.

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

From May 2008, the responsibility for considering written complaints against elected or co-opted Members of both the District Council and the Parishes of South Derbyshire moved from Standards for England to South Derbyshire District Council's Standards Committee.

All decisions taken under the local assessment framework are reviewed by the Standards Committee which decides whether there is a need to recommend changes to policies or for further training (*this is subject to review under the Localism Act*).

Standards for England provide advice and guidance to the Council's Standards Committee on the Member Code of Conduct.

## **Development of Members and Senior Officers**

Members and senior officers receive a thorough induction tailored to their role in the Council, including when they take on new roles. The Council has adopted an e-induction checklist and an e-induction package for officers, and an induction scheme is undertaken by Members at the beginning of each four year term of office.

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 new developments in these areas.

The Council provides a full range of development opportunities for Members. Over the last 2 years, senior, middle and front line managers have all attended and taken part in the corporate Leadership and Management Development programme.

Training records are kept for each individual Member, with evaluation taking place on Member development courses. This enables Members to identify and address their own development needs and is supported by documentation such as the Members' IT Protocol and the Planning Code of Good Practice, along with the Members' Code of Conduct, which enables Members to clearly identify their roles and responsibilities.

## **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 refreshed on an annual basis. This plan sets out the Council's vision for South Derbyshire, its values and the priorities for delivering local services for the Community.

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, PCT and the Voluntary Sector. This plan aims to improve the overall economic, social and environmental wellbeing of South Derbyshire by tackling those issues that are important to the local community, business and service providers.

## **Complaints**

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

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

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

## **Organisational Assessment and Performance Review**

Besides the regular 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 make recommendations for improvement where necessary. For example in 2011/12, they undertook a review of the Council's arrangements for monitoring sickness absence.

## **Data Quality**

A key element of reporting performance is data quality. This is to ensure that the Council focuses on making sure those arrangements for collecting information are robust and that we can trust the evidence and management information we collect for the District. The Council has adopted a Strategy to govern data quality and its arrangements are subject to regular review.

## Business Improvement

To support service delivery, the Council has, through its Strategic Corporate Services Partnership with Northgate Public Services, a dedicated Business Improvement Team (BIT). 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

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

## Continuous Service Review

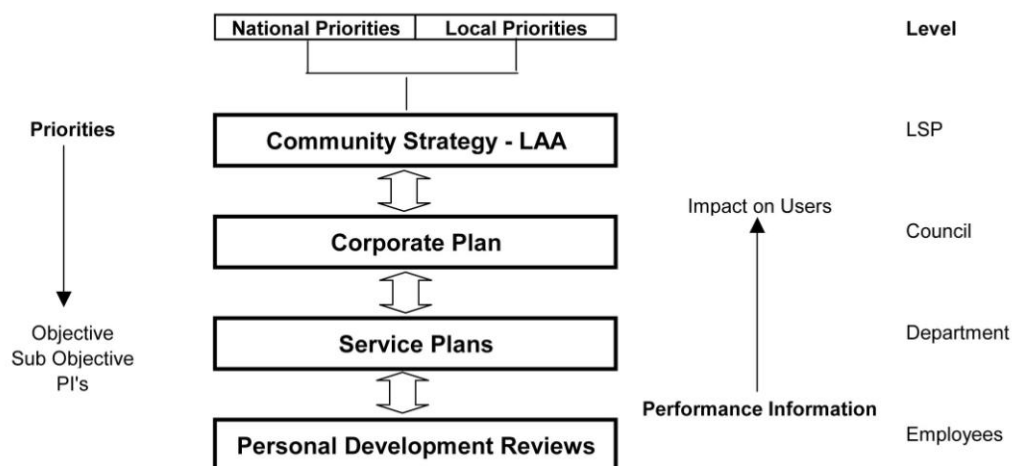
As part of the Strategic Partnership with Northgate, the Council is reviewing every service area in the Council. This is part of a transformation programme which has now been embedded in the Council for some time and is being enhanced through the skills of the private sector partner.

The transformation programme aims 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 with other services areas being reviewed over a 3-year cycle.

## Managing Performance

The Council's performance framework is largely developed from national requirements in terms of National Indicators 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.

Figure 1 – South Derbyshire District Council's performance framework



The **Sustainable Community Strategy** sets the long-term vision and community goals for all partners in South Derbyshire. This was reviewed in 2009 and a new Strategy launched for the period 2009-2029.

The Council's **Corporate Plan** describes how we will provide services to support the Community Strategy and focus our resource on key priorities and actions for improvement. This is an integral part of the Council's Performance Management framework and the actions set out how we will deliver our key priorities 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 resourced fully.

**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.

### **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 this Council) who monitor and review progress.

### **Risk Management**

The Council operates under a Risk Management Policy Statement, which sets out the principles, responsibilities and commitment to dealing with risk. It is effectively the framework 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 score.

The Council's risk management strategy provides a framework to embed risk within services was. It also includes guidance for managers in assessing and treating risk. The Strategy is overseen by a Corporate Risk Management Group.

### **Internal Audit**

Under the Account and Audit Regulations 2003 (as amended), the Council maintains an Internal Audit function (through the Central Midlands Audit Partnership) 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 undertakes annual work plans, agreed with and monitored by members and senior officers. It provides opinions on internal controls in place to manage risks across the Council's diverse activities. Its plans and outputs are monitored and challenged by an Audit Sub-Committee.

Internal audit is the main means by which the Council obtains assurances that systems are operating effectively. They are 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 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, chaired by the Director of Operations, with representatives from the trade unions and managers, which monitors policies and work practices.

## **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**

Grant Thornton UK 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.

Officers of the Council meet regularly with the external auditors to discuss planned and ongoing external audit and inspection activity through the Annual Audit Plan.

The Auditors undertake regular reviews each year 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 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, the ICT infrastructure complies with the requirements of Government Connect (the Government best practice requirements for IT security).

Third party ICT health checks are carried out on an annual basis, ensuring that an independent assessment of the ICT infrastructure is given. This was last undertaken in December 2011 and confirmed the adequacy of the Council's arrangements for ICT security.

## **D Review of Effectiveness**

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 Corporate 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 comments made by the External Auditors and other review agencies and inspectorates.

As part of an on-going review, the overall framework was strengthened in 2011/12 following a work programme arising out of the Governance Statement for the previous year 2010/11. 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 2011/12 are set out below.

### **Overall Corporate Governance**

The Council has adopted a local code of corporate governance based on recommended best practice, which reflects the governance framework developed by CIPFA/SOLACE. This sets out the systems by which the Council directs and controls its functions. This code was reviewed twice (on a half yearly basis) during the year with an updated action plan to progress areas identified for improvement.

### **The system of Internal Audit**

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

Internal Audit is subject to an annual assessment by the Council’s external auditors. As part of the annual assessment, Internal Audit’s operational plan is reviewed, including their coverage of controls in important financial systems. External audit express an opinion on the adequacy of internal audit work and, where appropriate, rely on their work for assurance.

Furthermore, the Council is required to conduct an annual review of the effectiveness of its system of internal audit, as part of a three year review cycle. The review is required to ensure that the opinion in the Annual Report of the Audit Manager may be relied upon as a key source of evidence for this Statement.

During 2011/12, a significant number of audits were undertaken by Derby City Council. On 1<sup>st</sup> January 2012, the Council, along with Derby City Council, formed the Central Midlands Audit Partnership. A key aim of the Partnership was to combine skills to improve the scope and quality of audit coverage across the 2 authorities.

The Council’s Chief Finance Office, in conjunction with the Head of the Partnership, conducted a review of the effectiveness of the arrangements as they affected South Derbyshire. The review was based on a test against 6 building blocks for effective internal audit identified in professional guidance. The review concluded that during 2011/12, the system of internal audit was effective and this was noted by the Audit Committee on 19<sup>th</sup> June 2012.

## **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 19<sup>th</sup> June 2012. The Head of Internal Audit gave an opinion on the overall adequacy and effectiveness of the Council’s internal control environment for 2011/12. The opinion is detailed below.

“Based on the work undertaken during the year that I have been able to assess, I have reached the overall opinion **that there is an acceptable level of internal control within the Council’s systems and procedures**. There were no critical risk recommendations made within any audit reports issued in 2011/12. No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.

There are no adverse implications for the Authority’s Annual Governance Statement arising from any of the work that Internal Audit has undertaken in 2011/12. All of the risks raised within the internal audit reports have been accepted. 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. Full implementation of the agreed actions will realise the benefits of the control improvements detailed in each individual audit report. Internal Audit will follow up the implementation of its recommendations, or any agreed alternative actions, with the relevant responsible officers, as soon as is practicable, after the target implementation dates. Progress on implementation of audit recommendations will be reported through to the Audit Sub-Committee in future reports on the 2012/13 work of Internal Audit.

## **Communication**

Corporate communication covers the full range of media management, publications, external and internal communications. This is provided by a central team, employed by Northgate Public Services, based in the Organisational Development Unit.

Through targeting communications activities the Council can continue to enhance its reputation and profile at a local and national level. Good corporate communications can encourage people to feel positively about the Council because they are better informed, have higher levels of satisfaction and know 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 undertaken by the Council each year. During 2011/12, these focused on promoting:

- Support for economic growth
- Value for money initiatives
- Improvements to recycling
- Improving lifestyles based on the legacy of the Olympics
- Improving safety and security

## **Consultation**

The Corporate Plan is informed by consultation and is based on the views of all stakeholders including local people, voluntary and community groups, together with local businesses. Based on existing work in 2011/12 to develop the Council's Local Development Framework for future growth, evidence is now also available through new area profiles.

[http://www.south-derbys.gov.uk/planning\\_and\\_building\\_control/planning\\_policy/local\\_development\\_framework/the\\_core\\_strategy/talk\\_to\\_us/default.asp](http://www.south-derbys.gov.uk/planning_and_building_control/planning_policy/local_development_framework/the_core_strategy/talk_to_us/default.asp)

These will inform future consultation.

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 2011/12, a review of the Strategy was undertaken to strengthen engagement with local communities. Recommended actions will be implemented during 2012/13.

## **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. Changes to the Constitution have to be approved by Full Council and reflect any changes to the Council's structure and responsibilities.

In addition, 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 2011/12.

The Overview and Scrutiny Committee scrutinises key policy issues, recommending and reporting back actions to the main policy committees. Their annual reports to Full Council set out details of their work and outcomes during the year. The Annual Report for 2011/12 is available at:

<http://cmis.south-derbys.gov.uk/CmisWebPublic/Binary.ashx?Document=13710>

## **Propriety in the Conduct of Business**

For the 2011/12 reporting period, South Derbyshire District Council has not been the subject of a finding of maladministration by the Ombudsman.

No elected member of South Derbyshire District Council was found to be in breach of the Code of Conduct during 2011/12.

There were 10 major reportable accidents under Health & Safety Regulations during 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.

## **Monitoring Performance**

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

## **Improving Service Performance**

For the second consecutive year, the Council achieved a Gold Award in the prestigious Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Programme. This was 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.

The Council also maintained its Investors in People (IIP) accreditation following an independent review. This is a national quality standard for the training and development of the workforce.

## **Partnerships**

The partnerships in which the Council is a principal partner are the South Derbyshire Partnership (SDP) and the Safer South Derbyshire Partnership (SSDP). The governance arrangements, which include a constitution and terms of reference, replicate those in the county-wide Derbyshire Partnership Forum.

This ensures that decisions are made in an accountable manner and that transparency is shown as part of the decision making process. The partnerships have annual action plans which are monitored and reported quarterly to the relevant Strategic Boards.

The Council receives an End of Year Report on the performance which identifies the outcomes of partnership work and the financial implications of work undertaken. These reports were presented to Full Council, LSP Board and Parish Council Liaison Meetings.

### **Value for Money (VFM) Assessment**

The External Auditor is required to make a judgement on the Council's performance in securing value for money. During 2011/12, their opinion was provided following the late submission of the 2010/11 accounts and financial statements. Therefore, their opinion as set out in their Annual Audit Letter was qualified as follows:

*"the value for money conclusion was qualified on 17 October 2011, which means that we were satisfied that, in all significant respects, the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources except for a weakness identified in relation to one or more of the criteria specified by the (Audit) Commission."*

Within the Audit Letter, the Auditors acknowledged that the Council had taken firm and decisive action to address the issue. The Audit Letter is available at:

<http://cmis.south-derbys.gov.uk/CmisWebPublic/Binary.ashx?Document=13382>

### **Other Indicators**

Generally, liaison takes place on an on-going basis with Heads of Service, who help assess the adequacy of internal control and to help identify areas for improvement.

Finally, the Council's Annual Audit Letter reports any significant weaknesses in the overall control framework, in arrangements to prevent and detect fraud and corruption, and in its framework for ensuring the legality of financial transactions. None were reported in 2011/12.

## **E Key Governance Issues for South Derbyshire**

The Council operates within a fast changing environment with constant development in ICT and increasing public expectations. The Council is also facing unprecedented reductions in its core funding from Central Government.

Consequently, Governance needs to be subject to constant review and there will always be room to strengthen and increase the effectiveness of internal control to keep abreast of changing circumstances. Indeed, issues identified in the corresponding statement for 2010/11 have been addressed in 2011/12 and these are summarised below.

## **Data Quality**

This is a key element of the Council's Governance framework. Its strategy ensures that the Council focuses on making sure that the arrangements for collecting information are robust and that we can trust the evidence and management information we collect for the district.

During 2011, internal audit reviewed current data collection systems to determine their effectiveness and whether they were providing an acceptable level of control. The audit tested the 28 reporting systems across the Council against the Audit Commission's 6 dimensions of data quality (to monitor accuracy; validity; reliability; timeliness; relevance and completeness).

Of the 28 systems, 24 were reported as 'low risk' as they demonstrated that:

- Suitable controls were in place to ensure accuracy of the collection data;
- The supporting documentation was complete, and
- The calculation of the performance indicator was in line with the required definition.

Therefore, it was considered that the systems of control in relation to these 24 indicators provided a good level of control and the Council could place a reasonable level of assurance on the performance measurement systems in place.

The remaining 4 systems had demonstrated that, while there were controls in place, indications were that they were not sufficiently robust or did not evidence the required level of control. The measurement processes for these indicators were considered to present a 'medium risk' of miscalculation or error.

Consequently, the Council's Data Quality Strategy has been updated accordingly and an action plan developed. This includes training in the principles of good data management and support for Officers responsible for the production of performance information.

## **Data Management**

Besides reporting data, the Council is required to collect, maintain and disclose information. Much of this is personal and confidential information and the Council adheres to the principles contained in the Data Protection Act. It is also required to manage data in accordance with any statutory provisions.

Following an audit of the arrangements for data management, the Council adopted a corporate management information policy. In particular, this set out corporate arrangements for document storage, retention and disposal, with all services now maintaining schedules at departmental level.

<http://cmis.south-derbys.gov.uk/CmisWebPublic/Binary.ashx?Document=13142>

## **Service Access Review**

This was undertaken to analyse the means by which residents and service users contact the Council. This was to determine how contact can be streamlined and made easier by using technology where this is appropriate without disadvantaging any particular service user.

Consequently, an Access Strategy and action plan was considered and adopted by the Council in April 2012. This will focus on reducing the amount of personal contact where it can be easily avoided by providing enhanced self-service facilities.

<http://cmis.south-derbys.gov.uk/CmisWebPublic/Binary.ashx?Document=13641>

## **Partnerships**

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.

An audit of the Council's governance arrangements of its major partnerships in March 2011, led to the Council adopting a Corporate Partnership Policy. This registers the Council's most significant partnerships and how they are governed with roles, responsibilities, monitoring and outcomes, etc. The Council's arrangements are now reviewed as part of the on-going service planning process.

## **Monitoring Officer**

As part of a service review of legal and democratic services in December 2011, the Council designated 2 of its principal officer posts as Deputy Monitoring Officer. These posts are to support the Director of Operations in his role of Monitoring Officer and to ensure cover and expertise for the Council within a streamlined management structure. The designated posts are the Chief Legal Officer and the Democratic Services Manager.

## **The Localism Act 2011**

Chapter 7 of the Act makes changes to standards expected of elected members. Effectively, the national standards board regime has been abolished but local authorities are still expected to regulate locally the conduct of members in public life.

The Council is still awaiting detailed regulations on implementing Chapter 7 of the Act and these are expected shortly as implementation is effective from 1<sup>st</sup> July 2012.

In the meantime, the Council has approved that a local Standards Committee should be retained solely to recommend and monitor a Code of Conduct for District Councillors. It is proposed that the only sanction available to the Committee should be public censure of the Councillor concerned and that so far as is practicable, Councillors should be informed when firm charges of breaches of the Code are made and all proceedings should be open to Councillors and the public.

## **Transparency in the Publication of Information**

During 2011/12, the Council adopted an annual Pay Policy Statement under separate requirements contained in the Localism Act. The Statement details:

- The level and elements of pay for each chief officer
- The pay of the lowest paid employees

- The relationship (expressed as a percentage) between the pay of the highest paid chief officer and other officers
- Other aspects of chief officers' remuneration including through recruitment, increases, performance related pay and bonuses (where applicable) and any termination payments.

<http://cmis.south-derbys.gov.uk/CmisWebPublic/Binary.ashx?Document=13443>

## **Work / Action Plan 2012/13**

In addition, other areas have been identified that are considered important in maintaining and strengthening the internal control environment.

Primarily, these have been highlighted from a review of the Local Code of Corporate Governance and audit work during 2011/12. The detailed work plan is shown **Appendix 1**.

We propose over the coming year to take steps to address the issue 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:** .....



<b>Issues</b>	<b>Timescale</b>	<b>Responsible Officer</b>	<b>Action/Progress</b>
Continue to review the Local Code of Corporate Governance in accordance with updated guidance and to undertake any outstanding work during the year.	½ yearly review	Monitoring Officer	Reviews held in December 2012 and June 2013
Members' training and development programme to be reviewed and Action Plan implemented.	Ongoing	Head of Corporate Services	Review to be carried over to 2012/13 to incorporate various courses arranged by East Midlands Councils as part of the Derbyshire Member Development Skills Programme and a Regional Programme of Briefing Events for Councillors.
Implement any actions emerging from the Localism Act 2011 that impact on the Governance agenda.	March 2013	All Heads of Service	A number of briefings have been given to Members on these matters, which have included impacts on Governance and Locality. These will continue to be delivered and any actions will be flagged and brought to the attention of Officers and Members.
Review Officer Code of Conduct when National Guidelines issued.	March 2013	Head of Corporate Services	Consultation document has been provided and Council has submitted a formal response. Detailed guidelines expected to determine specific action.
Adopt Revised Member Code of Conduct when legislation introduced.	March 2013	Head of Corporate Services	Full Council considered the government's initial proposals on the future of the local standards framework on 10 <sup>th</sup> November 2011. Following the publication of the Localism Act 2011 and associated Regulations, a Special Standards Committee and Full Council Meeting will be held in June 2012 to determine the Council's arrangements for the new standards regime effective from 1 <sup>st</sup> July 2012.
Development of the Core Strategy/Local Plan.	March 2013	Director of Operations	By the end of September 2012, the Council will undertake public consultation on "Preferred Growth Strategy for South Derbyshire" and by the end of March 2013 will undertake formal public consultation on draft local plan.

Update the Council's scheme of delegation to reflect the Council's new structure.	March 2013	Monitoring Officer	Existing scheme to be reviewed following several Departmental restructuring exercises in the authority.
Review on the new arrangements for Standards Committee scheduled for 2012/13	March 2013	Monitoring Officer	Full Council considered the government's initial proposals on the future of the local standards framework on 10 <sup>th</sup> November 2011. Following the publication of the Localism Act 2011 and associated Regulations, a Special Standards Committee and Full Council Meeting will be held in June 2012 to determine the Council's arrangements for the new standards regime effective from 1 <sup>st</sup> July 2012.
Review requirements to have independent chair of Audit Sub-Committee.	March 2013	Head of Corporate Services	Matter to be reviewed by the Council as part of guidance on Good Practice.
Internal Audit of Risk Management scheduled.	March 2013	Head of Corporate Services	Review of Risk Management scheduled for June 2012, any actions coming out of this review will be implemented during the year by the date agreed.
Review of Whistle blowing policy.	March 2013	Monitoring Officer	A review of the whistle blowing policy will be carried out.
Review of Member Induction process – to include Members powers.	March 2013	Head of Corporate Services	Future induction and training processes to be reviewed to incorporate duties and responsibilities of individual Members in their community leadership roles.
Produce a revised Engagement Strategy following a review of the Council's approach to consultation and engagement.	December 2012	Head of Corporate Services	Over the next 6 months we will produce a new Engagement Strategy following the review, which has been undertaken in 2011/12. We will then roll out this new approach across the Council through training for staff/members and regular communication.