



ANNUAL GOVERNANCE STATEMENT 2020/21

1. What is corporate governance?

Corporate governance is about making sure that the council is run properly. It is about trying to achieve the Council's objectives while acting in the public interest at all times. This means carrying out business so that the council:

- operates in a lawful, open, inclusive and honest manner;
- makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- has effective arrangements for the management of risk;
- secures continuous improvements in the way that it operates.

The Governance Framework is the name given to the main management systems, processes, values and culture which ensure that the Council identifies, develops, delivers and reviews the services it provides, works collaboratively, and engages with and leads the community it serves. It ensures that the Council meets its published objectives whilst also assessing whether those objectives have delivered the services at an appropriate cost. It consists of the systems, controls and procedures that ensure that certain desirable activities happen or that undesirable events are avoided. It cannot and does not set out to eliminate all risks in relation to the failure to deliver policies and objectives as this is neither achievable nor desirable. It can therefore only provide a reasonable level of assurance, based on an assessment of the likelihood and the potential impact of risk to the achievement of the Authority's stated objectives, balanced with the resources available to deliver those objectives.

The Authority has published a Code of Governance which sets out the seven key principles of good governance to which it aspires. It sets out the main principle of good governance and the means of demonstrating compliance for each of these principles. A copy of the current Code is available on the [governance page](#) of our website.

This Annual Governance Statement explains how Derbyshire Dales District Council has complied with its own code of corporate governance and against guidance on best practice*. The processes being reviewed in this Statement have operated throughout the whole of the financial year ending 31 March 2021 and will remain in operation up to the date of approval of the 2020/21 Statement of Accounts (due by 31 July 2021). The key elements of the framework which are in place to meet the Council's responsibilities under the Code are set out in the following pages, together with an Action Plan (at the end of this statement) to identify any significant governance issues and explain how the Council will address them.

*The guidance applicable to 2020/21 is the CIPFA/SOLACE publication "Delivering good governance in local government", issued in April 2016.

2. How do we know that our arrangements are working?

Every year a review of the effectiveness of the Council's governance framework is conducted by the Corporate Leadership Team, supported by officers from policy, financial services and legal. Consideration is also given to reports from internal and external audit and from other inspection bodies (e.g. the Local Government Ombudsman's Annual report and findings on individual complaints, Food Standards Agency assessments and peer reviews).

The focus of the review is to:

- collate and evaluate evidence of corporate governance arrangements;
- compare the evidence against the Council's Code of Corporate Governance and the CIPFA/SOLACE guidance*;
- identify areas requiring action, which are highlighted in the Action Plan at the end of this statement.

The governance review process includes:

- The consideration of the Statement of Accounts;
- The Internal Audit Annual Report, which includes the Internal Audit Consortium Manager's opinion on the overall adequacy and effectiveness of the Council's control environment ;
- A review of compliance with the Council's Local Code of Corporate Governance with reference to CIPFA/Solace Guidance;
- An assessment of the impact of the coronavirus pandemic on governance in 2020/21 and 2021/22 to date;
- An assessment of compliance with CIPFA's Financial Management Code;
- Sign off by the Leader of the Council and the Chief Executive, once approved.

On the basis of our internal review of the operation of the Governance Framework and our assessment against the provisions of the CIPFA/SOLACE Code, the arrangements for the 2020/21 financial year have been assessed as **COMPLIANT, with some planned improvements required**. This indicates that, in general, strong systems are in place but that there are some processes where further action is required.

Details of the review are set out in the following pages of this statement.

A success during 2020/21 is indicated by



Areas for improvement are highlighted by



This year **five** governance issues have been identified; the action plan outlined at the end of this statement summarises the areas of governance focus needed to maintain an effective governance framework in respect of these issues.

3. Did we meet the principles of Corporate Governance set out in our Code?

PRINCIPLE 1 - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ We have set out our priorities in our Corporate Plan; ➤ Our Codes of Conduct for members and employees set out clearly the standards that are expected, arrangements for reporting non-compliance and sanctions for any misconduct; ➤ Our values have been embedded in policies and processes; ➤ We require external organisations that provide services on behalf of the Council to act with integrity and in compliance with ethical standards expected by the Council ➤ We make sure that employees, and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements; ➤ We strive to optimise the use of the full powers available for the benefit of residents, communities and other stakeholders; ➤ We deal with breaches of legal and regulatory provisions effectively; ➤ We have effective arrangements to deal with incidents involving misuse of power ➤ We have effective arrangements in place for the discharge of the head of paid service function. 	<ul style="list-style-type: none"> • Corporate Plan • Elected Member Code of Conduct • Periodic report to Council from the Independent Remuneration Panel on Members Allowances • Employee Code of Conduct • Planning Code of Good Practice • Protocol on Employee/Member Relations – Constitution • Constitution • Sponsorship Policy • Risk Management Policy and Strategy • Risk assessment of reports • Annual Complaints Report • Confidential Reporting (Whistleblowing) Policy • Anti-Fraud, Bribery and Corruption Policy • Corporate Enforcement Policy • Regulation of Investigatory Powers Act Surveillance Policy & Annual Report • Protocol on the Management of the Civic Allowance • Inductions for new members and employees • Annual Performance and Development Reviews • Job Evaluation Panel • Complaints Policy • Employee recruitment, interview and selection procedure 	<p style="text-align: center;">✓</p> <p>A new Corporate Plan setting out our vision and improvement priorities for 2020 – 2024 was approved in March 2020 and reviewed in March 2021.</p> <p>Our internal audit reviews in 2020/21 have not identified any incidents of fraud.</p> <p>The Anti-Fraud, Bribery and Corruption Policy (including Money Laundering) was reviewed and updated during 2018/19. It was due for a review in 2020/21, but this has been deferred to 2021/22 due to resources being diverted to addressing the impact of coronavirus during 2020/21.</p> <p style="text-align: center;"></p> <p>In 2020/21 there was a breach of the Council's Treasury Management Policy. Counter party limits were exceeded by up to £8m for 34 days. The excess funds were diversified over a range of money market funds and had a credit rating of AA-, therefore the financial risk was low. This breach was reported to the Council's Monitoring Officer and to the Governance and Resources Committee. Counter party limits were subsequently reviewed and increased when the Council's Policy was updated in March 2021.</p>

	<ul style="list-style-type: none"> • Job descriptions • Compliance with CIPFA’s “Statement on the Role of the Role of the head of Internal Audit” • Compliance with CIPFA’s “Statement on the Role of the Chief Financial Officer in Local Government” • Records of legal advice provided by officers • Monitoring Officer provisions • Procurement policy • Information Governance Framework and Strategy • Data Protection Policy • Contracts with service providers. • Reports from the Local Government Ombudsman & Annual Report to Governance & Resources Committee • Audit reports issued by Food Standards Agency • Food Law Enforcement Service Business Plan • The Chief Executive is the Council’s Head of Paid Service, who is supported in this role by the Corporate Leadership Team and the Human Resources Manager. 	
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PRINCIPLE 2 – Ensuring openness and comprehensive stakeholder engagement		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ Our Committee and Council meetings are open to the public and agendas, reports and minutes are available on our website; ➤ The minutes of our meetings provide clear reasoning and evidence for decisions; ➤ We have a clear policy on information transparency; ➤ On our website we publish key performance indicators, financial information and details of the earnings, interests and activities of our Members and senior managers. ➤ We consult widely on our plans and use feedback to inform our decisions; we provide information in response to Freedom of Information requests wherever possible to do so under relevant law and outline any exceptions to this policy. We publish our Freedom of Information Policy and procedures. ➤ We operate clear and accessible arrangements for procuring supplies and services. ➤ We have regular meetings with larger Town and Parish Councils to ensure that we work more closely. ➤ We have a programme of forums / workshops to engage with local businesses. 	<ul style="list-style-type: none"> • Constitution • Corporate Plan • Reasoned decisions at quasi- judicial meetings • Annual review of Planning decisions • FOI Publication Scheme • Details of spending over £250 on website • Regulation of Investigatory Powers Act 2000 Policy • Data Protection Policy • Council and Committee decisions • Report pro-formas • Web casting and recording of meetings • Public Participation Scheme • Area Community Forums • Town and Parish Council Conference • Market Traders Forums • Matlock Bath Illuminations Project Group • Council website • Calendar of meetings • Communications Strategy • Community & Engagement Strategy • Equality, Consultation and Engagement Plan • Equality and Diversity Policy • Annual Equality Plan • Residents' Panel • Business Engagement Programme • Statement of Community Involvement • Record of consultations and use of feedback from consultations 	<p style="text-align: center;"></p> <p>The Local Government Association Peer Challenge team reported that the district council has a good understanding and appreciation of its local context and is focussing on continually improving local community relationships. The Council is also regarded as an effective leader of the district by partners who attest to the authority being a good partner to work with.</p> <p>During the year we received 621 Freedom of Information requests (down from 849 in 2019/20). We responded to 495 FOI requests (80%), redirected 87 (14%) to Derbyshire County Council and 37 requests (6%) were covered by exemption. Where requests were covered by exemption, we gave details of the exemption in our response; the most common reason for exemption (17 requests) was that the information was already accessible by other means.</p> <p>Contract Standing Orders and Financial Regulations were reviewed and updated in July 2020.</p> <p>The Local Government Association Peer Challenge team made several recommendations to address a series of challenges, including:</p> <ul style="list-style-type: none"> • Developing a strong narrative and vision for the area; • Improvements to the Corporate Plan; • Ensuring that the approach to commercialisation is realistic;

	<ul style="list-style-type: none"> • Contract standing orders • Financial Regulations • Procurement Strategy • Reasons for decisions recorded in all regulatory and quasi-judicial matters • All reports include options, risks and potential outcomes • Procurement decisions require a clear audit trail including reasons • All recruitment decisions are reasoned and recorded 	<ul style="list-style-type: none"> • Consideration of the Council's skills base and investment capability; <ul style="list-style-type: none"> • Engaging with strategic and local organisations to build trust and community capacity to advocate for and deliver on important initiatives. <p>In July 2020 the Council approved a Peer Challenge Action Plan to address these issues. Progress on implementing the Action Plan has been delayed owing to officers focussing on other higher priority work during the coronavirus pandemic. While the implementation of these actions will strengthen the Council, they are not seen as significant governance issues.</p>
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PRINCIPLE 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits

How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ We have set out our priorities, aims, vision and values in our Corporate Plan; ➤ We set key performance indicators for each year and monitor actual performance against targets; ➤ We have a medium term financial strategy to ensure our financial sustainability; ➤ We operate an effective system of risk management; ➤ Our reports include an assessment of financial, legal and corporate risks and consider equalities, environmental, 	<ul style="list-style-type: none"> • Corporate Plan & Priorities • Service Plans • Community & Engagement Strategy • Equality, Consultation and Engagement Plan • Risk Management Strategy • Medium Term Financial Strategy • Annual Revenue Budget • Capital Programme & Prudential Indicators • Annual Governance Statement (part of the Statement of Accounts) • Annual Audit Letter • Financial Regulations – Constitution 	<p style="text-align: center;"></p> <p>In 2020/21 we paid 99.5% of non-disputed supplier invoices (3,981 invoices) on time (within 30 days) – only 21 invoices were paid late.</p> <p>The Risk Management Policy and Strategy was reviewed and updated during 2020/21.</p> <p>Up to 8 June 2021, we have paid over £36m (10,415 grant payments) to support businesses affected by the coronavirus pandemic.</p>

<p>health, human rights, personnel and property issues;</p> <p>➤ We carry out equality impact assessments to ensure fair access to services.</p>	<ul style="list-style-type: none"> • Contract Standing Orders – Constitution • Asset Management Plan • Equality Impact Assessments • Area Community Forums • Planning: Material Considerations • Committee Reports • Consultation feedback is taken into account at the point of decisions 	<p>Working with our partner, Chesterfield Borough Council, we made payments under the Test and Trace Support Scheme.</p> <p>The Council worked with the Local Resilience Forum to ensure that we were prepared for Brexit and the impact of the Coronavirus pandemic.</p>
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PRINCIPLE 4 - Determining the interventions necessary to optimise the achievement of intended outcomes.		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<p>➤ Our reports include an assessment of financial, legal and corporate risks and consider equalities, environmental, health, human rights, personnel and property issues;</p> <p>➤ We consult and use feedback from residents and service users when making decisions about significant service changes;</p> <p>➤ We have strategic and operational plans, including a medium, term financial strategy, annual budgets, and service plans, that support the aims set out in the corporate plan;</p> <p>➤ We set key performance indicators (KPIs) to identify how the performance of services and projects is measured. We include financial penalties in outsourced contracts that can be used when</p>	<ul style="list-style-type: none"> • Consultation and review of feedback including Area Community Forums • Risk Management Hub & Risk Registers • Key Performance Indicators • Service Plans • Medium Term Financial Strategy Medium Term Financial Plan Budget preparation in accordance with agreed strategy and MTFP. • Budget guidance and processes, including revised estimates • Capital Programme process and scorecard • Annual Audit and Inspection Letter • Confidential Reporting (Whistleblowing) Policy • Anti-Fraud, Bribery and Corruption Policy • Regulation of Investigatory Powers Act Surveillance Policy 	<div style="text-align: center;">  </div> <p>We updated our Medium Term Financial Strategy in March 2021 and our Medium Term Financial Plan in August 2020, January 2021 and March 2021.</p> <p>The Local Government Association Peer Challenge team reported that through focused and prudent management, the council has a strong financial position which provides a foundation for the council's future ambition.</p> <p>In 2020/21 we carried out public consultation exercises on:</p> <ul style="list-style-type: none"> • Spending proposals for 2021/22 • Sex Entertainment Venues Policy <ul style="list-style-type: none"> • Housing Needs for 3 parishes • Regeneration project at Hurst Farm, Matlock <ul style="list-style-type: none"> • Kirk Ireton Neighbourhood Plan • Residents' satisfaction with the Council's communications during the coronavirus pandemic.

<p>KPIs are not achieved.</p> <ul style="list-style-type: none"> ➤ We consider and monitor risks facing each partner when working collaboratively, including shared risks ➤ We review service quality regularly ➤ Our medium term financial strategy integrates and balances service priorities, affordability and other resource constraints ➤ We aim to achieve 'social value' through service planning and commissioning. 	<ul style="list-style-type: none"> • Annual Review of Complaints • Calendar of meetings • Communications Strategy • Minutes of regular monitoring meetings with outsourced service providers including details of compliance with Key Performance Indicators 	<p>In response to our consultation, 60.5% of respondents said that they were very well informed or fairly well informed during the coronavirus pandemic.</p> <p>In 2020/21 we made a Declaration of Air Quality Management Area for nitrogen dioxide in relation to Buxton Road and St John's Street in Ashbourne.</p> <p>We have regular meetings with contractors who provide outsourced services.</p> <p>For 2020/21, some KPIs were suspended (due to the coronavirus pandemic) in accordance with Cabinet Office guidance for the outsourced contracts for leisure management and revenues and benefits. As a result of these exceptional circumstances, no financial penalties were applied to contracts for leisure management or revenues and benefits in 2020/21.</p> <p>For the waste management contract, KPIs were again temporarily suspended as a result of Cabinet Office and DEFRA guidance but reinstated on 15 March 2021. Whilst Serco are contesting the reinstatement of the KPIs, Council officers are continuing to monitor problems with missed bin collections and other performance issues and are considering whether the application of financial penalties is appropriate.</p> <p>These, along with general performance standards, were discussed at the contract meetings.</p> <div style="text-align: center;">  </div> <p>The Council's Medium Term Financial Plan needs to be updated to show how it plans to address the budget gap for future years. See Principle 6 for further information.</p>
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PRINCIPLE 5 - Developing the entity's capacity including the capability of its leadership and the individuals within it		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ We recognise the benefits of partnerships and collaborative working; ➤ All employees have an induction and an annual Performance and Development Review; ➤ We have a Member Code of Conduct, inductions and a Member Training and Induction Programme to ensure that elected and appointed leaders understanding their roles and the Council's objectives ➤ Our Constitution includes a Scheme of Delegation that sets out clearly the decisions that are delegated to officers ➤ The leader and the chief executive have clearly defined and distinctive leadership roles ➤ Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections ➤ We encourage shared learning, including lessons learnt from governance weaknesses both internal and external; ➤ There is a public participation session at the beginning of Council and Policy Committee meetings, ➤ We have arrangements in place to 	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Member Development Scheme • Employee Development Scheme • Member Training and Development Programme • Annual corporate and vocational training plan agreed by CLT • Insight – Internal management development programme • Member Induction • Member Representative roles • Employee Induction • Job Descriptions and Person Specifications • Arrangements for succession planning • Annual review of Scheme of Delegation, Contract Standing Orders and Financial Regulations • LOLA – internal training programme • Peer Reviews • Efficient use of systems and technology • Shared Learning: Notes of Management Meetings, Peer Reviews, Hubs, Benchmarking, Networking with other local authorities & through membership of organisations such as the Local Government Association. • Human Resource Policies • Employee counselling service • Work of Health & Safety 	<p style="text-align: center;"></p> <p>In 2020/21 our partners, Arvato and subsequently Chesterfield Borough Council, achieved all the key performance indicators in the Revenues and Benefits contract, with the exception of those relating to in-year collection of council tax and business rates and collection of council tax for the year before. These were impacted by the coronavirus pandemic.</p> <p>Our Performance and Development Review action plans are linked to the priorities set out in our Corporate Plan.</p> <p>ICT security awareness training is mandatory for new employees who use ICT and it has to be refreshed every 2 years by all ICT users. In 2020 76 ICT users undertook this training, with a further 46 completing the training in 2021 to date. The full staff refresh didn't take place in 2020/21 due to the pandemic and implementation of business continuity. However, all DDDC Members were invited to undertake SAT in 2020. The course content is currently being reviewed before progressing with a refresh to include both staff and Members.</p> <p>In 2020/21 we recruited a Climate Change Project Officer.</p>

<p>support the health and wellbeing of our employees.</p>	<p>Committee</p> <ul style="list-style-type: none"> • Active Workplace Programme • Employee Group • Senior Management Team • Trade union recognition and consultation. 	<div style="text-align: center;">  </div> <p>During 2020/21 the following mandatory training was undertaken by employees:</p> <p>Safeguarding and Child Protection = 34 Safeguarding Adults at Risk = 33 Managing Health & Safety = 39 Equality Act 2010 = 43 Display Screen Equipment = 37 Data Protection (Foundation) 2020 = 157 Data Protection (Data Security) 2020 = 157 Prevent (Counter Terrorism) (2021) = 77</p> <p>To fully develop our employees and to further mitigate risks, it is recommended that a comprehensive programme of mandatory training for all employees and Members should be delivered in 2021/22.</p>
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PRINCIPLE 6 - Managing risks and performance through robust internal control and strong public financial management		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ We have robust arrangements for risk management including a Risk Management Hub that meets regularly to review Strategic Risks; ➤ Our risk management strategy and policies on internal control are aligned with corporate priorities; ➤ The risks associated with delivering services through third parties are set out in our risk registers; 	<ul style="list-style-type: none"> • Risk Management Strategy • Risk Management Hub • Strategic and Service Risk Registers • Risk Management Annual Report • Risk assessment of all Committee/Council decisions • Internal audit and reports • External audit and reports • Annual Governance Statement • Financial Regulations • Budget Holder's Manual 	<div style="text-align: center;">  </div> <p>The external auditor's Annual Audit Letter for 2019/20, issued in January 2021, states "in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2020". (The Annual Audit Letter for 2020/21 has not yet been issued).</p>

<ul style="list-style-type: none"> ➤ We have arrangements in place to prevent fraud, bribery and corruption; ➤ We encourage effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making ➤ We provide members and senior management with regular reports on service plans and on progress against Key Performance Indicators; ➤ We report on a consistent basis between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). ➤ The Internal Audit Consortium Manager produces an Annual Report that provides an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control; ➤ The Governance and Resources Committee provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; ➤ The Governance & Resources Committee monitor the implementation of recommendations from internal audit reviews. ➤ The Council has an Information Governance Framework and Strategy that sets out the arrangements to ensure effective arrangements are in place for the safe collection, storage, use and 	<ul style="list-style-type: none"> • Contract Standing Orders • Transparency & Open Source Data • Medium Term Financial Strategy • Anti-Fraud, Bribery and Corruption Policy • Treasury Management Strategy • Regular budget reporting and income monitoring (revenue and capital) • Regular reporting on service plans and performance against KPIs • Benchmarking information • Information Governance Framework & Strategy • Designated Data Protection Officer • Data protection policies and procedures • Data sharing agreements • Privacy Impact Assessments • Procedure for Data Protection Security Breaches • Checks on access to data and systems • ICT systems patched regularly & kept up to date 	<p>The External Auditor’s Strategy Memorandum to the Governance and Resources Committee in March 2021 stated that due to the late release of the NAO’s Auditor Guidance Note and supporting information to auditors, planning and risk assessment work had not yet been fully completed but auditors have held discussions with management and reviewed the Council’s financial plans and have not identified any significant weaknesses in arrangements from this initial planning and risk assessment.</p> <p>In 2019/20 the Local Government Association Peer Review report stated that “The Council has strong financial management.</p> <div style="text-align: center;">  </div> <p>The External Auditor’s Strategy Memorandum to the Governance and Resources Committee in March 2021 identified three significant risks that will be tested during the audit of the 2020/21 accounts, due to take place in Autumn 2021:</p> <ul style="list-style-type: none"> • Management override of controls • Net defined benefit (pension) liability valuation • Valuation of property, plant and equipment. <p>At the time of writing this AGS, the testing has not been completed and there is no evidence to show that controls are not effective.</p> <p>A “limitation of scope” opinion relating to the adequacy and effectiveness of the Council’s</p>
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<p>sharing of data, including processes to safeguard personal data</p> <ul style="list-style-type: none"> ➤ We review and audit the quality and accuracy of data used in decision making and performance monitoring ➤ Our financial management arrangements support both long term achievement of outcomes and short-term financial and operational performance ➤ All reports to Council and policy committees include a financial risk assessment. 		<p>control environment has arisen because of COVID-19 and the redeployment of the Senior Internal Auditor, which has resulted in the bulk of the internal audit plan not being completed in 2020/21. To avoid similar limitations in future, the resource levels within internal audit have been reviewed (the 2021/22 budget includes provision for additional audit resources approved by this committee in March 2021). The audit plan for 2021/22 has also been affected. At the time of writing this report it has not proved possible to recruit a suitable Senior Auditor and therefore other options are in the progress of being investigated. It is recommended that audit resources be returned to adequate levels.</p> <p style="text-align: center;"></p> <p>The Council's Medium Term Financial Plan identifies a potential budget gap in future years. To mitigate this risk, the Council has a Medium Term Financial Strategy and Medium Term Financial Plan in place. However, the Council's Medium Term Financial Plan needs to be updated to show how it plans to address the budget gap for future years. Significant changes in Local Government finances are due to take place over the next few years, which will culminate in a major change in the way Local Government is financed from 2022/23 onwards. It is hoped that the Local Government Finance Settlement, due in late 2021, will bring more certainty for financial planning in the medium term. Once the outcome of the Fair Funding Review, the Comprehensive Spending Review</p>
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		<p>and the Local Government Finance Settlement for 2022/23 are known, the Medium Term Financial Plan will be updated. As a further mitigation measure, the Council has reserves and balances that could be used to balance the budget for 2022/23 while a savings plan is developed and the Medium Term Financial Plan is updated to ensure that subsequent budgets are financially sustainable over the medium term.</p> <p style="text-align: center;"></p> <p>2020/21 was a shadow year for CIPFA's Financial Management Code. A baseline assessment reported to the Governance and Resources Committee in March 2021 indicated that there were six principles / standards identified as less strong, with a need for improvement and action; an action plan is in place and none of the issues have been identified as significant governance issues. See separate section below.</p>
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PRINCIPLE 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ Our reports are written in a style avoids jargon and can be understood by the public; ➤ Our reports and minutes of meetings are available on our website; ➤ We prepare an Annual Governance Statement that reports on 	<ul style="list-style-type: none"> • Annual report on Service plans and performance management • Annual review of Corporate Governance framework • Annual Governance Statement • Review of actions recommended by internal audit service 	<p style="text-align: center;"></p> <p>We report to Members regularly on performance against targets.</p>

<p>compliance against our corporate governance framework;</p> <ul style="list-style-type: none"> ➤ Our financial statements are prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations ➤ The Governance & Resources Committee undertakes the core functions of an audit committee and ensures that recommendations for corrective action made by external audit are acted upon ➤ We have an effective internal audit service where the Internal Audit Consortium Manager has direct access to members to provide assurance with regard to governance arrangements and that recommendations are acted upon ➤ We welcome peer challenge, reviews and inspections from regulatory bodies ➤ We have clear governance arrangements in place for partnership arrangements 	<ul style="list-style-type: none"> • Statement of Accounts • Audit Strategy Memorandum and Annual Audit Letter from External Auditor • Anti-fraud, bribery and corruption policy and reporting • Data Protection Officer and two Information Governance Officers in place • Compliance with CIPFA's Statement on the Role of the Head of Internal Audit • Compliance with Public Sector Internal Audit Standards • Minutes of meetings from Partnership Board Meetings and Operational Review Meetings. • Annual Complaints Report to Governance & Resources Committee 	<div style="text-align: center;"></div> <p>In 2020/21 seven out of twenty two (32%) of planned audits have been completed and an audit of cyber/network security is in progress. Three audit areas received substantial assurance, two reasonable assurance and one limited assurance (Data Protection).</p> <p>The internal audit reports issued in 2020/21 contained a total of 19 recommendations by internal audit. Of these recommendations 2 (11%) were high priority, 12 (63%) medium priority and 5 (26%) low priority; plans are in place for the outstanding recommendations to be implemented in 2021/22. A report will be brought to members in July 2021 that will detail all outstanding recommendations along with any manager's comments. Significant governance issues raised during the audit reviews are disclosed elsewhere in this annual governance statement.</p> <p>An internal audit report has identified opportunities to strengthen our arrangements for data protection (see action plan).</p> <div style="text-align: center;"></div> <p>While 31 data breaches or near misses were identified in 2020/21 (26 in 2019/20), none were serious enough to be reportable to the Information Commissioner's Office (ICO) in 2020/21 (1 was reported in 2019/20). Reporting of data security incidents is encouraged; incidents are reviewed by the Information Governance Board to identify lessons to be</p>
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		<p>learned and areas for improvement.</p> <p>The Local Government Association Peer Challenge team made several recommendations to address a series of challenges, including:</p> <ul style="list-style-type: none"> • Developing a strong narrative and vision for the area; • Improvements to the Corporate Plan; <ul style="list-style-type: none"> • Ensuring that the approach to commercialisation is realistic; • Consideration of the Council’s skills base and investment capability; <ul style="list-style-type: none"> • Engaging with strategic and local organisations to build trust and community capacity to advocate for and deliver on important initiatives. <p>In July 2020 the Council approved a Peer Challenge Action Plan to address these issues. Progress on implementing the Action Plan has been delayed owing to officers focussing on other higher priority work during the coronavirus pandemic While the implementation of these actions will strengthen to Council, they are not seen as significant governance issues.</p>
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4. How the Council works

The Council

The Council is composed of 39 councillors elected every four years. Elections were last held in May 2019. Councillors are democratically accountable to residents of their ward. The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

Councillors are required to follow the Council's Code of Conduct to ensure high standards in the way they undertake their duties. The Council's Monitoring Officer trains and advises them on the Code.

All Councillors meet together as the Council. Meetings of the Council are normally open to the public. Here Councillors decide the Council's overall policies and set the budget each year. The Council holds the policy committees to account, and is itself a policy development body. There is an opportunity at Council meetings for members of the public to participate by putting their questions to Councillors. In 2020/21 most Council meetings were held virtually, due to the coronavirus pandemic, but there was still provision for public participation and meetings were live-streamed on the internet. The Civic Chairman of the District of Derbyshire Dales reports to each meeting and the Leader of the Council has an opportunity to address the Council meeting on issues concerning the District of Derbyshire Dales at Council and his attendance at meetings with significant partners.

The Council's Constitution

Derbyshire Dales District Council has adopted a [Constitution](#) which 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. Some of these processes are required by law, while others are a matter for the Council to choose.

The Constitution is divided into 13 articles, which set out the basic rules governing the Council's business. More detailed procedures and codes of practice are provided in separate rules and protocols within the Constitution.

The Monitoring Officer is responsible for carrying out a review of the Council's Constitution to ensure that it is up to date and relevant to the organisation's needs. The Council reviews the Constitution at its Annual Meeting, with informal commentary from the leaders of all political groups.

How decisions are made

Most day-to-day decisions are made by policy committees. The Council has two policy committees called 'Governance and Resources' and 'Community and Environment'. Committees also carry out a number of regulatory functions, including dealing with planning applications, licensing and most other regulatory business.

Meetings of the Council's policy and other committees are open to the public except where personal or confidential matters are being disclosed. In 2020/21 most Council meetings were held virtually, due to the coronavirus pandemic, but there was still provision for public participation and meetings were live-streamed on the internet.

In addition, senior officers of the Council make decisions under delegated authority. The level of delegation is recorded in the Council's Constitution. In 2020/21, there was a need for an increased number of decisions delegated to officers, owing to the difficulties of arranging council and committee meetings to make decisions during the coronavirus pandemic.

The role of the Governance and Resources Committee

The Governance and Resources Committee takes the statutory role of an “Audit Committee” and provides independent review, challenge and assurance of the adequacy of the risk management framework and the associated control environment. Its main functions include:

- To approve and review the Council’s Code of Corporate Governance and other supporting material;
- To approve the Annual Governance Statement and the Annual Statement of Accounts;
- To consider the reports from the External Auditors, Local Government Ombudsman and other regulators / inspectors;
- To approve and review the internal audit plan, consider major findings or internal audit investigations and management’s response, and promote co-ordination between the internal and external auditors;
- To keep under review the effectiveness of internal control systems, to receive the External Audit Management Letter on behalf of the Council and any representations and refer any issues requiring attention to the relevant committee and/or officer.
- To consider the appointment of the external auditor, the audit fee, the provision of any non-audit services by the external auditor and any questions of resignation or dismissal of the external auditor;
To approve the Council’s Risk Management Policy and Strategy and consider the annual monitoring report as part of considering the effectiveness of Risk Management, including the risks of bribery, fraud and Corruption.

Area Community Forums

In order to give local people a greater say in Council affairs, we usually have an annual Community Forum. This is intended to act as a focus point for mutual communication and consultation between the local community, stakeholders and Councillors from all local councils in their area. During 2020/21 our annual community forum was suspended due to the lockdown restrictions.

The Council’s employees

The Council has people working for it to give advice, implement decisions and manage the day to day delivery of its services. Some employees have a specific duty to ensure that the Council acts within the law and uses its resources wisely. A Protocol governs the relationships between employees and members of the Council. Employees are required to follow the Council’s Employee Code of Conduct to ensure high standards in the way they undertake their duties. The Council’s Monitoring Officer provides guidance and advice on the Code.

Whistleblowing

People working for the Council are often the first to realise that there may be something wrong within the Council. However, they may feel unable to express their concerns for various reasons, including the fear of victimisation. The Council has a Whistleblowing Policy that advises staff and others who work for the Council how to raise concerns about activities in the workplace.

Citizens’ Rights

Citizens have a number of rights in their dealings with the Council. These are set out in the Constitution.

The Corporate Plan

The [Corporate Plan](#) sets out the Council’s priorities, aims, vision and values. The current Corporate Plan was agreed by Council in March 2020 for a 4 year period up to the period following the next Council elections. Annual corporate plan targets are set in March each year and progress is

reviewed in March and November each year. The Corporate Plan is based on extensive consultation with residents, councillors and employees.

Managing Key Risks

All Councillors and Managers are responsible for ensuring that risks are considered in the decisions they take. The Council has a [Risk Management Policy and Strategy](#) that is usually reviewed every two years. It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated within our plans and strategies, so as to encourage responsible, informed risk taking.

Monitoring Officer

The Director of Corporate and Customer Services is the Council's appointed Monitoring Officer. The Monitoring Officer is responsible for the legal governance arrangements for the Council and reviews the Constitution; oversees the ethical framework, and has a personal duty to report to the Council any breaches in the rule of law.

Chief Financial Officer

The Director of Resources is the Council's appointed Chief Financial Officer and Section 151 Officer. This is a statutory post, responsible for delivering and overseeing the financial management of the council. The Chief Financial Officer is responsible for financial management at the Council. The role of Chief Financial Officer conforms with the good practice requirements within the CIPFA statement on "The Role of the Chief Financial Officer in Local Government". The Council's Chief Financial Officer is a full member of the Corporate Leadership Team and is supported by appropriately qualified and experienced staff.

The Director of Resources has taken a key role in reviewing corporate governance and in preparing this Annual Governance Statement. She is satisfied with the arrangements currently in place for financial management, though these will be improved when the action plan for CIPFA's Financial Management Code has been fully implemented. While the internal audit provision has been severely limited in 2020/21, as explained in this Statement, overall the control framework is operating effectively and no matters of significance have been omitted from this statement.

Managing Finances

Internal financial control is based on a framework of management information that includes the Financial Regulations, Contract Standing Orders, our accounting procedures and key financial systems. These include established budget planning procedures and quarterly budget reports to Council or Governance and Resources Committee. The Corporate Leadership Team monitors key income streams on a monthly frequency.

The Council has a Medium Term Financial Strategy that shows the overall direction of the Council's finances over the next five years. This includes a Medium Term Financial Plan which indicates that a budget gap will arise over the next few years due to an expected reduction in government funding. The Council has a good track record of delivering savings. However, we face a challenge in producing a sustainable budget over the medium term in the face of further potential reductions in government funding. The Council has reserves and balances that could be used in the short term to address any savings requirements for 2022/23 while a thorough review of income and expenditure is undertaken and an action plan developed. Given the amount set aside in usable revenue reserves, the timing of the required savings, and the uncertainty surrounding council funding (arising mainly from the outcome of the anticipated level of the government's Fair Funding Review and its review of the Business Rates Retention scheme), the Council's approach to meeting the Corporate Savings Target and closing the budget gap is to refrain from significant service reductions at the present

time, until the outcome of the government reviews is known. The Council will continue to explore commercial and investment opportunities to help it to achieve a sustainable financial future. The overall aim of this approach is that the Council will be far less reliant on government funding and will become more self-sufficient. The approach will focus on income generation and investment in economic development that will lead to growth. In the longer term, this approach will provide the Council with more financial resilience than depending on government grants.

The Corporate Leadership Team monitors performance against the annual budget, capital programme and medium term financial plan.

There is a good system of budgetary control in place, which is enforced by the Corporate Leadership Team. Budget holders are identified for each revenue service or capital project. Training and guidance is provided by the Financial Services Team.

Capital projects are only put forward for Committee approval after the Corporate Leadership Team has approved a business case, which ensures projects support the Council's priorities and that they are fully resourced and planned before spending can commence.

There is a separate section (below) relating to the CIPFA Financial Management Code.

Internal Audit

The Council receives substantial assurance from Internal Audit work who (through an agreed programme of testing – the Internal Audit Plan) review the adequacy of the controls and governance that operate throughout all areas of the Council.

Management of Internal Audit is provided by the Bolsover, Chesterfield and North East Derbyshire District Councils' Internal Audit Consortium.

The Internal Audit Service has been managed and delivered in accordance with Public Sector Internal Audit Standards (PSIAS). The Governance and Resources Committee approved an Internal Audit Charter in 2020, which is due for review in a year's time or sooner in the event of any significant changes being made to the PSIAS. The Charter sets out the role of internal audit and its responsibilities and clarifies its independence.

The Internal Audit Consortium Manager prepares an Annual Report for the Governance and Resources Committee. The Annual Report includes an opinion on the adequacy and effectiveness of the Council's control environment. The results of internal audit work concluded during the year is presented in the annual report but this does not result in a comprehensive opinion. Some assurance can be obtained from positive internal audit reviews in previous years and the work of the Risk Management Group, PSN compliance and external audit. Internal audit work can only give partial assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The Internal Audit Annual Report for 2020/21 sets out a "limitation of scope" opinion relating to the adequacy and effectiveness of the Council's control environment. This has arisen because of COVID-19 and the redeployment of the Senior Internal Auditor, which has resulted in the bulk of the internal audit plan not being completed in 2020/21.

In formulating the opinion the CIPFA guidance to internal auditors on the audit annual opinion has been taken into account. CIPFA states that a "limitation of scope" must be given when the Head of Internal Audit is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with professional standards. In 2020/21, only seven out of twenty-two planned audits have been completed and an audit of cyber/network security is in progress. Three audit areas

received substantial assurance, two reasonable assurance and one limited assurance (Data Protection), which has been reported as a significant governance issue in this Annual Governance Statement. In respect of the areas reviewed, reasonable assurance can be provided although further work is required in terms of the audit review of data protection arrangements, for which actions have been agreed. Assurance can never be absolute. In this context “reasonable assurance” means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.

To avoid a “limitation of scope” in future, the resource levels within internal audit have been reviewed (the 2021/22 budget includes provision for additional audit resources). The audit plan for 2021/22 has also been affected. At the time of writing this report it has not proved possible to recruit a suitable Senior Auditor and therefore other options are currently being investigated with the intention of engaging adequate audit resources as soon as possible.

An external review of Internal Audit was has recently been undertaken. The independent report concludes that current services are assessed to ‘generally conform’ with the PSIAS and compare favourably with peers; there are no areas where the service does not comply with the standards. A series of specific recommendations are made in the report to reflect building on the existing considerable strengths in relation to resources, competency and delivery in order to enhance future service delivery. The key theme running through is to continue to build on a risk approach and strengthen the risk thread through documentation. A report and action plan will be presented to the Governance and Resources Committee in September 2021. This means that Members can have confidence in the quality of service provided by internal audit.

External Audit & Other Inspections

The Council’s external auditor is currently Mazars LLP.

On 2 December 2020 Mazars issued an unqualified opinion in relation to the Council’s 2019/20 statutory financial statements. On the same date the external auditor also issued an unqualified conclusion on the Council’s arrangements for securing value for money. In the Audit Completion Report relating to the Council’s financial statements for 2019/20 the External Auditor made three recommendations relating to internal controls in place in regard to the accuracy of remuneration information (low priority), for the preparation of the leases note in the Statement of Accounts for 2019/20 (low priority) and the declaration of Members’ interests (high priority). These recommendations were considered and implemented during the preparation of financial statements for 2020/21.

Feedback from the work undertaken to date on the 2020/21 financial statements has not highlighted any issues which would lead to a different conclusion for the 2020/21 Statement of Accounts.

Local Government Association (LGA) Peer Challenge

The LGA Corporate Peer Challenge review was undertaken 22nd – 24th October 2019 and the final feedback report was received and circulated to all Members on 21st January 2020.

The Local Government Association Peer Challenge team made several recommendations to address a series of challenges, including:

- Developing a strong narrative and vision for the area;
- Improvements to the Corporate Plan;
- Ensuring that the approach to commercialisation is realistic;
- Consideration of the Council’s skills base and investment capability;
- Engaging with strategic and local organisations to build trust and community capacity to advocate for and deliver on important initiatives.

In July 2020 the Council approved an Action Plan, to address these issues, with a timescale for implementation. While the implementation of these actions will strengthen the Council, they are not seen as significant governance issues. Progress on implementing the Action Plan has been delayed owing to officers focussing on other higher priority work during the coronavirus pandemic.

5. An assessment of the impact of the coronavirus pandemic on governance in 2020/21 and 2021/22 to date.

Coronavirus was categorised as a pandemic by the World Health Organisation on 11 March 2020. The Council's Business Continuity Plan (BCP) was already in place at this time. An assessment of priority services was undertaken to ensure they could be provided in anticipation of the Government's possible response to the pandemic. Changes were put in place to ensure that these services could still be delivered. Priority services identified in the BCP included but were not limited to:

- Payments especially of benefits, supplier invoices and payroll;
- Treasury management and cash flow;
- Waste collection (prioritising residual and food waste collections)
- Homelessness
- Customer Services and Communications.

As a Council we focussed on delivering essential services to residents and businesses, largely through key employees having the ability to work from home and maintaining a presence at Matlock Town Hall for priority functions that could not be delivered from home (e.g. dealing with incoming mail, the telephone switchboard and enquiries where paper-based files were required). It should be recognised that working from home can be more difficult than working from the office for such as accessing the network and files, communicating with team members, holding meetings virtually rather than face to face etc.

Impact on "business as usual" in delivering services

From 23 March 2020 and for 2020/21, the majority of office-based key employees worked from home. Those services temporarily designated non-essential services were suspended to protect staff and to help provide essential services. Matlock Town Hall was closed to members of the public throughout 2020/21. Leisure centres and public toilets were closed initially but reopened as restrictions were lifted. Inspection visits, e.g. food safety inspections, pollution control inspections, licensing inspections etc. were suspended initially and extended delegation arrangements were introduced, particularly in relation to planning decision making. Covid risk assessments were prepared and adaptations were made to Matlock Town Hall, such as the installation of a new door entry system. A new cloud-based telephone system was introduced in 2021, which improved communications.

Out of the 64 Clean and Green staff available during normal operations, there was only a maximum of 25 at one time following the announcement of the lockdown and the safety measures implemented to protect vulnerable groups. It took almost 3 months for the team to return to full capacity and this was achieved with a phased approach, followed by individual and work place risk assessments. The impact of this severely affected the work programme, delaying many areas of work. Essential safety work, such as visibility splays and the emptying of litter bins, continued, whilst additional work relating to the recovery, such as the cleaning and sanitising of car park pay and display machines and the delivery of food parcels was added.

An agreement was made with our refuse collection contractor to prioritise residual and food waste collections. To ensure cover for sickness and self-isolation, the collection of bulky, recycling and garden waste was suspended for 3 months, weekly food waste collections operated on a reduced service for 4 months and the dry recycling service was disrupted for almost 2 months.

Communication bulletins for members, employees, residents and businesses were provided through the Council's website and other communications channels, including social media.

All Council and Committee meetings were temporarily suspended until a Council meeting on 12 May agreed to suspend normal business through the Committee system and established the Emergency Committee to deal with urgent decision making during the Covid-19 pandemic. In the early weeks of the lockdown, urgent decisions were taken by the Corporate Leadership Team followed up by approval from the Chair and Vice Chair of the relevant Committee; these decisions were subsequently ratified at the Council meeting on 12 May. The Emergency Committee met on 3 occasions to deal with significant issues in adapting policy and procedures as necessary during these challenging times, until decision making through the full committee system (with virtual meetings being held up to 6 May 2021) was resumed following the Annual Council Meeting on 22 July 2020.

New areas of activity

As well as delivering essential services, it was necessary to focus resources on the following new or increased areas of activity:

- Additional monitoring of the Business Continuity Plan and regular attendance at meetings with key partners such as the Local Resilience Forum, Strategic Command Group, Tactical Command Group, and other sub-groups;
- Preparing risk assessments to ensure that services could be provided as safely as possible, protecting employees and service users;
- Provision of additional temporary accommodation for homeless people over the winter;
- Payment of grants and processing rate reliefs to support local businesses;
- Providing support and enforcement to businesses affected by the lockdown;
- Working with providers of outsourced contracts to manage key services;
- Providing adequate ICT, network access and videoconferencing;
- Installation of cloud-based telephony system
- Monitoring additional expenditure and lost income;
- Food parcel deliveries for vulnerable groups (this only ended in August);
- Delivery of new bins on behalf of Serco;
- Increased visitors number required greater response from the C&G team (number of cleans, emptying bins, etc.);
- Dealing with a significant increase in littering of parks and gardens;
- Dealing with increased fly tipping;
- Introduction of sanitiser stations and marshalling of these for markets, etc.;
- Working with partners to Reopen High Streets Safely and Welcome Back visitors;
- Community contact through the Sports Development Team;
- Taking on the Business Closure powers under the Coronavirus Regulations;
- Enforcing social distancing in the workplace;
- Advising businesses and the public on the business closure powers and the enforcement of social distancing;
- Taking on the new Pavement Licensing regime;
- Dealing with changes to Planning law that have had to be incorporated into daily business
- Making payments under the council tax hardship scheme;
- Making payments under the Test and Trace Support scheme.

- Delivery of external wall insulation to privately owned properties
- Enabling most staff to work from home with secure ICT connectivity and virtual meeting platforms; with business support activity and clean and green remaining on site with covid secure measures;
- Constant updating advice to staff in line with government advice on their health management of covid-19 risk including self-isolation and testing (including those identified as clinically vulnerable and clinically extremely vulnerable
- Launch of Customer Relationship Management System to enable customers to continue to access services (but make it 24/7) on line rather than come on site.

Impact on the Council's financial position

While it had been anticipated in August 2020 (when the Council set a revised budget for 2020/21) that the Council would need to use over £700,000 from reserves in 2020/21 to fund additional expenditure and lost income arising from the coronavirus pandemic, significant levels of financial support were subsequently received from government. This meant that it was not necessary to use reserves as a result of the pandemic during 2020/21, nor is such use anticipated for 2020/22 at the current time.

General financial support that was received from government in 2020/21 amounted to £937,877. This has been used to fund additional expenditure, mainly on the following areas:

- Support to the contractor who manages the Council's leisure centres;*
- Support to the waste collection contractor;
- Homelessness emergency accommodation;
- ICT: Laptops, videoconferencing software, network connectivity etc.;
- Lockdown compliance and re-opening costs (Matlock Town Hall, public toilets & stall markets);
- Personal protective equipment, cleaning materials, sanitiser etc.

The government's financial support also covered some of the Council's lost income, which has been significantly affected by the lockdown. This was supplemented by a further government grant of £896,475 in 2020/21 to compensate for lost income from sales, fees and charges. Forecasts for income losses for 2020/21 and the first three months of 2021/22 include:

- Car parking (£1.384m);
- Parks activities (£152,000)
- Planning fees (£88,000)
- Public conveniences (£53,000)
- Trade waste (£158,000)
- Stall markets (£197,000).

Other government grants awarded to provide support during the pandemic include:

- Council Tax Hardship Support £338,264
- New burdens funding to administer additional services (mainly business support grants) £587,858
- Council tax income guarantee scheme £77,234
- Business support grants £59.3m
- National Leisure Relief Fund £117,542
- Compliance & Enforcement Grant £26,661
- Re-opening High Streets Safely £57,908

- NHS Test & Trace Support Payments £89,500
- Business rate reliefs £4,140,808.

Part of the Council's response to the pandemic was to allow council tax and business rates payers whose finances were detrimentally affected by Covid-19 to defer payments to later in 2020/21. Debt recovery was suspended from April to June and resumed in July with reminders only; a plan is being developed to slowly increase debt recovery activities in the coming months as lockdown restrictions are lifted.

Income from council tax and business rates has reduced significantly. For 2020/21 in-year collection of council tax was £618,000 (1.1%) less than expected and business rates income was £581,000 (5.6%) less than expected, though the Council shares these shortfalls with the government and major preceptors. There has been an improvement in council tax collection rates during April and May 2021 but business rates income is still less than expected. The financial impact of any shortfalls in council tax and business rates in 2020/21 will impact when the budget is set for 2022/23 (and potentially the subsequent two financial years for council tax, as a change in the regulations allows the impact to be spread).

Plans for recovery

The impact of Covid19 on the Public Sector could not have been expected, and there is no previous experience of this type of virus or of the economic impact that it would have. The current and future economic situation is uncertain and extremely serious. It is hoped that this is a one off event, but this cannot be guaranteed and further highlights the necessity to maintain a comprehensive Business Continuity Plan and an adequate level of Reserves, including the General Reserve to protect the Council against exceptional events. Due to financial support from central government, robust Leadership and sound financial management the financial situation at Derbyshire Dales District Council is secure at the time of writing this statement, whilst some other Councils are currently in very challenging financial positions. The need to plan long term and to hold sufficient levels of reserves is reinforced in order to be able to deliver our key services, support our residents and businesses now and in the future, and continue to provide value for money in all that we do.

The Corporate Leadership Team is updating the organisational recovery plan, which will address the following areas:

- Updates to risk assessments to ensure the safety of our employees, members, contractors and service users as lockdown restrictions are eased;
- Employees returning to the Town Hall and reopening the building to the public;
- Communications and engagement with stakeholders (members, employees, suppliers, residents, customers, businesses, town and parish councils and others);
- Continue to monitor the financial impact and the adequacy of reserves to address financial sustainability;
- Continue to help businesses and high streets to re-open safely;
- A review of priority areas for 2020/21 and 2021/22 in the light of officer capacity and financial resources;
- A review of the Business Continuity and Emergency Plans to reflect lessons learned.

6. Compliance with the Financial Management Code

The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in October 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.

The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable.

2020/21 was a shadow year for CIPFA's Financial Management Code. A baseline assessment reported to the Governance and Resources Committee in March 2021 indicated that there were six principles / standards identified as less strong, with a need for improvement and action. Areas which have been identified as less strong, with a need for improvement and action, include:

- E: The financial management style of the authority supports financial sustainability
- F: The authority has carried out a credible and transparent financial resilience assessment
- G: The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members
- L: The authority has engaged where appropriate with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget
- M: The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.
- N: The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

An action plan is in place to address these issues during 2021/22 and none of the issues have been identified as significant governance issues.

7. Significant governance issues and action plan

a) Update on issues raised in last year's (2019/20) Annual Governance Statement

	Issue	Action Identified in last year's statement	Outcome	Lead Officer
1	There is a budget gap for future years as identified in the Medium Term Financial Plan.	Ensure that there are effective processes to manage and monitor budgets and to plan and monitor savings. Update the Medium Term Financial Plan to address the budget gap for future years.	Balanced budget set for 2021/22. General Reserve and/or Funding Uncertainties Reserve would be sufficient to finance expected budget shortfall, if required. Implementation of savings is on hold, pending the outcome of the government's funding review.	Director of Resources
2	An internal audit review has identified that our arrangements for asset management need to be strengthened	Implement the outstanding recommendations of the Internal Audit Review: <ul style="list-style-type: none"> Regular meetings of the Corporate Property Group, with minutes; Regular monitoring of progress against the Asset Management Plan to be undertaken by the Corporate Property Group; Reconcile assets of the property and financial systems and use a common property identifier on both systems. 	<ul style="list-style-type: none"> The Corporate Property Group has met during 2020/21; Monitoring is taking place; The reconciliation of assets has not yet been completed. 	Director of Regulatory Services
3	A review of employee and member training has identified that our arrangements for mandatory training should be improved.	A comprehensive programme of mandatory training for all employees and members should be delivered in 2020/21.	Deferred to 2021/22 due to pandemic workloads. Programmes for members and employees are being developed in 2021/22.	The Corporate Leadership Team with support from the Human Resources Manager; The Member Development Working Group

b) Annual Governance Statement issues arising from 2020/21 review, to be actioned in 2021/22

	Issue	Action	Expected Outcome	Lead Officer	Target Date
1	There is a budget gap for future years as identified in the Medium Term Financial Plan.	Ensure that there are effective processes to manage and monitor budgets and to plan and monitor savings. Review position following outcome of government's reviews of fair funding and business rates retention.	Balanced budget for 2022/23 and Medium Term Financial Plan to be updated (following the 2022/23 Local Government Finance Settlement) to address budget gap for future years.	Director of Resources	Updated Medium Term Financial Plan & Balanced Budget for 2022/23: by 10 March 2022
2	An internal audit review has identified that our arrangements for asset management need to be strengthened	Address the outstanding recommendation to reconcile assets of the property and financial systems and use a common property identifier on both systems.	Completion of reconciliation	Director of Regulatory Services and Director of Resources	31 March 2022
3	A review of employee and member training has identified that our arrangements for mandatory training should be improved.	A comprehensive programme of mandatory training for all employees and members should be delivered in 2020/21.	Delivery of comprehensive programme of mandatory training for all employees and members	The Corporate Leadership Team with support from the Human Resources and Payroll Manager; The Member Development Working Group	31 March 2022
4	An internal audit review of data protection arrangements has identified areas where improvements are required.	Address the implementation of outstanding recommendations from the internal audit review.	<ul style="list-style-type: none"> Completion of the mandatory data protection training for all employees and members As recommended by the ICO redaction training for employees should be provided 	Data Protection Officer & Information Governance Officers	31 July 2021 31 July 2021

			<ul style="list-style-type: none"> • Develop processes and deliver training relating to Data Protection Impact assessments • Paper and electronic forms used by the Council which include personal information should be reviewed as soon as practically possible and amended to include a simpler statement on how their personal data will be dealt with and where they can find further information. • The current information asset register should be reviewed and updated to ensure that all personal data collected and processed by the authority can be recorded and mapped 		<p>31 July 2021</p> <p>Briefing paper to CLT by 31 August 2021; complete exercise by 31 March 2022</p> <p>Briefing paper to CLY by 31 August 2021; complete exercise by 31 March 2022</p>
5	Internal audit resources have been insufficient to complete the internal audit plan	Ensure that appropriately trained auditors are in place to deliver the audit plan.	Audit team to be fully resourced to complete the audit plan.	Director of Resources	31 December 2021

We propose over the coming year to take steps to address the significant governance issues identified in section 7b of this statement 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.

Approved at a meeting of the Governance and Resources Committee held on 1 July 2021.

Signed

Councillor Garry Purdy
Leader of the Council

Date: 1 July 2021

Paul Wilson
 Chief Executive

Date: 1 July 2021