

ANNUAL GOVERNANCE STATEMENT 2019/20

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 2020 and have remained in operation up to the date of approval of the 2019/20 Statement of Accounts. 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 2019/20 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;
- (For 2019/20 and 2020/21) an assessment of the impact of the coronavirus pandemic on governance in 2019/20 and a look ahead to the impact on governance in 2020/21;
- 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 2019/20 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 2019/20 is indicated by



Areas for improvement are highlighted by



This year **three** 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 • Job descriptions 	<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.</p> <p>Our internal audit reviews in 2019/20 have not identified any incidents of fraud.</p> <p>We have extensive use of the general power of competence.</p> <p>The Anti-Fraud, Bribery and Corruption Policy (including Money Laundering) was reviewed and updated during 2018/19. It is next due for a review in 2020/21.</p>

	<ul style="list-style-type: none"> • 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 • Contract standing orders 	<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 849 Freedom of Information requests (up from 731 in 2018). We responded to 643 FOI requests (76%), redirected 117 (14%) to Derbyshire County Council, did not hold the information for 2 requests and 87 requests (10%) 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 (57 requests) was that the information was already accessible by other means.</p> <p>Contract Standing Orders and Financial Regulations were reviewed and updated in May 2019.</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"> • 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 an Action Plan to address these issues. 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, health, human rights, personnel and property issues; ➤ We carry out equality impact assessments to ensure fair access to services. 	<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 • Contract Standing Orders – Constitution • Asset Management Plan • Equality Impact Assessments • Area Community Forums • Planning: Material Considerations • Committee Reports 	<p style="text-align: center;"></p> <p>In 2019/20 we paid 99.8% of non-disputed supplier invoices (4,677 invoices) on time (within 30 days) – only 11 invoices were paid late!</p> <p>The Risk Management Policy and Strategy was reviewed and updated during 2018/19; it is next due for review in Autumn 2020.</p> <p>Working with our partner, Arvato, in 2019/20 we improved the times for processing new claims for housing benefit and processing changes in circumstances.</p> <p>The Council worked with the Local Resilience Forum to ensure that we were prepared for Brexit.</p>

	<ul style="list-style-type: none"> • Consultation feedback is taken into account at the point of decisions 	
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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
<ul style="list-style-type: none"> ➤ Our reports include an assessment of financial, legal and corporate risks and consider equalities, environmental, health, human rights, personnel and property issues; ➤ We consult and use feedback from residents and service users when making decisions about significant service changes; ➤ 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; ➤ 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 KPIs are not achieved. ➤ 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 	<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 & Efficiency 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 • 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 style="text-align: center;"></p> <p>We updated our Medium Term Financial Strategy in January 2020 and our Medium Term Financial Plan in May, November and March.</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 2019/20 we carried out public consultation exercises on:</p> <ul style="list-style-type: none"> • Spending proposals for 2020/21 • Sex Entertainment Venues Policy • Housing Needs for 3 parishes • Customer satisfaction with housing needs services • Regeneration project at Hurst Farm, Matlock • Kirk Ireton Neighbourhood Plan. <p>We have regular meetings with contractors who provide outsourced services. For 2019/20, all KPIs were met in the outsourced contracts for leisure management and revenues and benefits. As a result, no financial penalties were applied to those contracts. For the waste management contract, the KPIs for missed bins were not met</p>

<p>service planning and commissioning.</p>		<p>and the default payments were issued. These along with general performance standards were discussed at the contract meetings.</p> <p style="text-align: center;"></p> <p>The Council's Efficiency 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 	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Member Development Scheme • Employee Development Scheme • Member Training and Development Programme • 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 	<p style="text-align: center;"></p> <p>In 2019/20 our partner, Arvato, achieved all the key performance indicators in the Revenues and Benefits contract.</p> <p>Our Performance and Development Review action plans are linked to the priorities set out in our Corporate Plan.</p> <p>Employees who use ICT undertook training in ICT security awareness in 2018/19, which is mandatory for new employees and will be refreshed every 2 years.</p> <p style="text-align: center;"></p>

<p>own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p> <ul style="list-style-type: none"> ➤ 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 support the health and wellbeing of our employees. 	<ul style="list-style-type: none"> • 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 Committee • Active Workplace Programme • Employee Group • Senior Management Team 	<p>During 2019/20 the following mandatory training was undertaken by employees:</p> <ul style="list-style-type: none"> • Safeguarding and Child Protection = 24 • Safeguarding Adults at Risk = 26 • Prevent = 23 • Display Screen Equipment = 17 • Data Protection Essentials = 26 • Managing Health and Safety = 45 • Equality Act 2010 = 21 <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 2020/21.</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; ➤ 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 	<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 • Contract Standing Orders • Transparency & Open Source Data • Medium Term Financial Strategy • Anti-Fraud, Bribery and Corruption Policy 	<p style="text-align: center;"></p> <p>The external auditor's Annual Audit Letter issued in July 2019 states "in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2019". (The Annual Audit Letter for 2019/20 has not yet been issued).</p> <p>The Internal Audit Annual Report for 2019/20 shows that 19 internal audit review reports were issued during the year. Eighteen (95%) of audit reviews were found to provide reasonable or substantial assurance on the level of reliability of internal controls. Nine (47%) were found to provide substantial assurance. One (5%) audit</p>

<p>effective decision making</p> <ul style="list-style-type: none"> ➤ 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 sharing of data, including processes to safeguard personal data ➤ We review and audit the quality and accuracy of data used in decision making and performance monitoring ➤ Our financial management arrangements 	<ul style="list-style-type: none"> • 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>review (asset management) resulted in a conclusion of “limited assurance”; plans are in place to address the recommendations during 2020/21. This demonstrates that there are effective systems of governance, risk management and control in place.</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>During 2019/20 the following mandatory training was undertaken by employees:</p> <ul style="list-style-type: none"> • Safeguarding and Child Protection = 24 • Safeguarding Adults at Risk = 26 • Prevent = 23 • Display Screen Equipment = 17 • Data Protection Essentials – GDPR = 26 • Managing Health and Safety = 45 • Equality Act 2010 = 21 <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 2020/21.</p> <p>The External Auditor’s Strategy Memorandum to the Governance and Resources Committee in January 2020 identified three significant risks that will be tested during the audit of the 2019/20 accounts, due to take place in Autumn 2020:</p> <ul style="list-style-type: none"> • Management override of controls • Property, plant and equipment valuations • Defined benefit liability valuation.
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<p>support both long term achievement of outcomes and short-term financial and operational performance</p> <ul style="list-style-type: none"> ➤ All reports to Council and policy committees include a financial risk assessment. 		<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 style="text-align: center;"></p> <p>The External Auditor’s Strategy Memorandum to the Governance and Resources Committee in January 2020 identified one significant Value For Money (VFM) risk: “Achievement of savings and income generation targets”. This relates to continual pressures on Local Government Finances and, in particular, the further savings of £0.4 million that it is anticipated will be required to address projected medium term budget shortfalls from 2020/21 onwards.</p> <p>To mitigate this risk, the Council has a Medium Term Financial Strategy and Medium Term Financial Plan in place. However, the Council’s Efficiency 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 2021/22 onwards. It is hoped that the Local Government Finance Settlement, due in late 2020, will bring more certainty for financial planning in the medium term. Once the outcome of the Fair Funding Review, the Comprehensive Spending Review and the Local Government Finance Settlement for 2021/22 are known, the Efficiency Plan will be updated. As a further mitigation measure, the Council has reserves and balances that could be used to balance the budget for 2021/22 while an efficiency plan is developed to ensure that subsequent budgets are financially sustainable over the medium term.</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 compliance against our corporate governance framework; ➤ 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"> • 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 • Statement of Accounts • Audit Strategy Memorandum and Annual Audit Letter from External Auditor • Anti-fraud, bribery and corruption policy and reporting • Data Protection Officer 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 	<p style="text-align: center;"></p> <p>We report to Members regularly on performance against targets.</p> <p>In 2019/20 19 internal audit reports were issued containing a total of 45 recommendations by internal audit. Of these recommendations 3 (7%) were high priority, 23 (51%) medium priority and 19 (42%) low priority; plans are in place for the outstanding recommendations to be implemented in 2020/21. A report will be brought to members in September 2020 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>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 an Action Plan to address these issues. While the implementation of these actions will strengthen to Council, they are not seen as significant governance issues.</p> <p style="text-align: center;"></p> <p>An internal audit report has identified opportunities to strengthen our arrangements for asset management (see action plan).</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. 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 2 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 addition, senior officers of the Council make decisions under delegated authority. The level of delegation is recorded in the Council's Constitution.

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 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 2019/20 our annual community forum was held at Bakewell Agricultural Business Centre in January 2020.

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 Confidential Reporting (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 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. 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 monitor 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 the expected reduction in government funding. The Council has set a Corporate Savings target to close the budget gap. 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's Efficiency Plan needs to be updated to show how the Council plans to address the budget gap for future years (this will be done when the outcome of the Local Government Finance Settlement for 2021/22 and the Fair Funding Review are known). The Corporate Leadership Team monitors performance against the annual budget, capital programme, medium term financial plan and efficiency 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.

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 2018, which is due for review every two years. The Charter sets out the role of internal audit and its responsibilities and clarifies its independence.

An external review of Internal Audit was undertaken during 2016/17. The independent report concludes that the Internal Audit Section complies with the expectations of the Public Sector Internal Audit Standards. This means that Members can have confidence in the service provided by internal audit.

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. For 2019/20, it is considered by the Internal Audit Consortium Manager that "reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2019/20". However, during 2019/20 one "limited assurance" report was issued (relating to asset management) and [in 2020/21 (to July 2020) no "inadequate or limited assurance" reports have been issued In these areas the governance, risk management and control arrangements were not operating effectively,

some key risks were not well managed, and there was a risk that the systems objectives would not be achieved. Where weaknesses have been identified through internal audit review, management have agreed appropriate corrective actions and a timescale for improvement.

As a result of this report with limited assurance, one area (asset management arrangements) has been reported in the annual governance statement as a significant governance issue.

External Audit & Other Inspections

The Council's external auditor is currently Mazars LLP.

In July 2019 Mazars issued an unqualified opinion in relation to the Council's 2018/19 statutory financial statements. In the Audit Completion Report relating to the Council's financial statements for 2018/19 the External Auditor made two (medium priority) recommendations relating to internal controls for the accounting treatment of fixed assets. These recommendations were considered and implemented during the preparation of financial statements for 2019/20. In the same report in July 2019, in relation to the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources, the external auditor concluded that "we are satisfied that, in all significant respects, Derbyshire Dales District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019".

Feedback from the work undertaken to date on the 2019/20 financial statements has not highlighted any issues which would lead to a different conclusion for the 2019/20 Statement of Accounts. The external auditor's initial work on the 2019/20 Value For Money risk assessment has identified one significant VFM risk: "Achievement of savings and income generation targets". This relates to continual pressures on Local Government Finances and, in particular, the further savings of £0.4 million that it is anticipated will be required to address projected medium term budget shortfalls from 2020/21 onwards.

To mitigate this risk, the Council has a Medium Term Financial Strategy and Medium Term Financial Plan in place. However, the Council's Efficiency 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 2021/22 onwards. It is hoped that the Local Government Finance Settlement, due in late 2020, will bring more certainty for financial planning in the medium term. Once the outcome of the Fair Funding Review, the Comprehensive Spending Review and the Local Government Finance Settlement for 2021/22 are known, the Efficiency Plan will be updated. As a further mitigation measure, the Council has reserves and balances that could be used to balance the budget for 2021/22 while an efficiency plan is developed to ensure that subsequent budgets are financially sustainable over the medium term.

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.

5. An assessment of the impact of the coronavirus pandemic on governance in 2019/20 and 2020/21.

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, the majority of office-based key employees worked from home (for around 40 non-key employees there was a delay of around 3 weeks for laptops to be delivered to enable home working). 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, as were leisure centres and public toilets. Inspection visits, e.g. food safety inspections, pollution control inspections, licensing inspections etc, were suspended and extended delegation arrangements were introduced, particularly in relation to planning decision making.

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 for the time being) 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 temporary accommodation for homeless people;
- 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;
- 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;
- Community contact through the Sports Development Team;
- Taking on the Business Closure powers under the Coronavirus Regulations;
- Enforcing social distancing in the workplace;
- Taking on the new Pavement Licensing regime;
- Dealing with changes to Planning law that have had to be incorporated into daily business.

Impact on the Council's financial position

The government has awarded three tranches of general financial support to date, totalling £837,877. This will be used to fund additional expenditure (and possibly some lost income), 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.

*It is hoped that, in addition to the above, there will be a specific grant to assist with the financial support for leisure centres; due to uncertainty that has not been included in our financial forecasts at this time.

The Council's income from sales, fees and charges has been significantly affected by the lockdown. Forecasts for income losses for 2020/21 include:

- Car parking (£1.175m);
- Parks activities (£80,000)
- Planning fees (£200,000)
- Public conveniences (£54,000)
- Trade waste (£104,000)
- Stall markets £73,000).

The government has recently announced a further grant to assist with 75% of income losses above a threshold. The grant receivable for this is estimated to amount to £1.125m (the grant amount has yet to be confirmed by government).

Any loss of income or additional expenditure not compensated by Central Government will have to be financed from the Council's reserves. At the current time, this is estimated to amount to around £744,000 for 2020/21. The Director of Resources is satisfied that current levels of reserves and balances will be sufficient to meet this, if necessary, but this will have an impact in the medium term (see below).

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.

Income from council tax and business rates has reduced significantly. For the four month period from April to July 2020, council tax received is £562,000 (2.3%) less than expected and business rates income is £1,043,000 (27%) less than expected. There has been an improvement in both collection rates during July. The financial impact of any shortfalls in council tax and business rates will impact when the budget is set for 2021/22 (and potentially the subsequent two financial years, subject to a change in the regulations to allow the impact to be spread).

To aid the Council's cash flow, the government paid the Council the following amounts:

- Business support grants £36,296,000
- Council tax hardship fund £338,264
- Business rates relief S31 grant paid early £1,969,915.

In addition the government deferred the payment of its share of business rates from the Council for 3 months. The cash flow position is being closely monitored and is not expected to be problematic in the next few months.

Assessment of the longer term impact

Areas to consider:

- If the Council is not fully compensated for additional expenditure and lost income, it will have to finance the shortfall from reserves, which would require a top up of reserves in future years to remain financially sustainable over the medium term and it might delay improvement plans or capital projects if reserves are no longer available to finance them;
- Levels of income and arrears will have to be closely monitored for some time. It is difficult to say how long it will take the economy to fully recover, or if that is even possible. ongoing changes to businesses;
- The allocation of the Council Tax Hardship Fund (report to Council 27 August 2020);
- Two internal audit reviews that were scheduled for completion in 2019/20 were not finalised due to the impact of Covid-19 and work on these and the audit plan for 2020/21 has been delayed due to resources being diverted to assurance checks for business support grants.

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 robust Leadership and sound financial management the financial situation at Derbyshire Dales District Council is secure in the immediate aftermath of the first wave, 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 developing a recovery plan, which will address the following areas:

- Risk assessments to ensure the safety of our employees, members, contractors and service users;
- 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. Significant governance issues and action plan

a) Update on issues raised in last year's (2018/19) Annual Governance Statement

	Issue	Action Identified in last year's statement	Outcome
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 Efficiency Plan to address the budget gap for future years.	Balanced budget for 2020/21. General Reserve and/or Funding Uncertainties Reserve would be sufficient to finance expected budget shortfall for 2021/22, if required. Efficiency Plan not updated due to lack of certainty over future funding levels.
2	An internal audit review has identified that our arrangements for safeguarding need to be strengthened	Implement the outstanding recommendation of the Internal Audit Review: <ul style="list-style-type: none"> Update the Safeguarding Policy and publicise it on the website and to employees. 	An updated Safeguarding Policy was approved by the Governance & Resources Committee in January 2020 and publicised on the website. A programme of training and raising awareness of safeguarding issues and the revised policy itself was delivered to Council employees and Elected Members in February 2020.
3	Internal audit reviews have identified that our arrangements for procurement and inventory need to be strengthened, especially at the depot.	Implement the outstanding recommendations of the Internal Audit Review: <ul style="list-style-type: none"> Establish procedures and records relating to inventories of tools and equipment; Promote awareness of procurement procedures to relevant employees; Establish a contract for the provision of specialist procurement advice and support.	Recommendations implemented during 2019/20.
4	An internal audit review has identified weaknesses in our management arrangements relating to the leisure services contract.	Implement the outstanding recommendations of the Internal Audit Review: <p>Confirmation should be sought from contractor that the pensions bond required under the contract has been put in place.</p>	The Pensions bond agreement was signed by the contractor and passed to the Pension Fund Administrator (Derbyshire County Council) in August 2020.

b) Annual Governance Statement issues arising from 2019/20 review, to be actioned in 2020/21

	Issue	Action	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. Update the Efficiency Plan to address the budget gap for future years.	Balanced budget for 2021/22 and Efficiency Plan to be updated (following the 2021/22 Local Government Finance Settlement) to address budget gap for future years.	Director of Resources	Efficiency Plan: January 2021 Balanced budget for 2021/22: March 2021
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. 	The risk of not achieving the Asset Management Plan will be reduced.	Director of Regulatory Services	30 November 2020
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.	Employees' knowledge and opportunity for personal development will be enhanced, mitigating the risks of error or non-compliance with system controls or legislation.	The Corporate Leadership Team with support from the Human Resources and Payroll Manager; The Member Development Working Group	31 March 2021

We propose over the coming year to take steps to address the significant governance issues identified in section 5b 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.

Draft Approved at a meeting of the Governance and Resources Committee held on 20 August 2020.

There is a requirement to review the AGS before the final version is approved as part of the audited Statement of Accounts in November.

Final version to be Signed

Councillor Garry Purdy

Leader of the Council

Date: 19 November 2020

Paul Wilson

Chief Executive

Date: 19 November 2020