



Derby City Council

**Audit and Accounts Committee**  
**29 September 2015**

# ITEM 9

Joint Report of the Director of Governance and  
the Head of Governance and Assurance

## Annual Governance Statement 2014/15

### SUMMARY

- 1.1 Production and publication of an Annual Governance Statement is a statutory requirement.
- 1.2 The 2014/15 Statement reflects the on-going work within the Council to improve its governance framework.

### RECOMMENDATION

- 2.1 To approve the Annual Governance Statement 2014/15 at Appendix 2.
- 2.2. To request that the Leader of the Council and the Chief Executive sign the Certification (Section 6) in the Annual Governance Statement 2014/15.

### REASONS FOR RECOMMENDATION

- 3.1 The Council has to publish an Annual Governance Statement to accompany the annual accounts.

### SUPPORTING INFORMATION

- 4.1 When publishing its annual accounts, the Council is required by regulation 4 (3) of the Accounts and Audit (England) Regulations 2011 to consider and approve an annual governance statement (AGS) that accompanies the annual statement of accounts. The requirement to prepare an AGS each financial year remains in the Accounts and Audit Regulations 2015 (regulation 6 (1) (b)). However, the new regulations state that from the 2015/16 financial year the AGS must be published "not later than 31st July of the financial year immediately following the end of the financial year to which the statement relates".

- 4.2 The 2014/15 statement has been written on the basis that the Council is currently reviewing its governance framework in light of the issues raised in the 2013/14 statement. This has meant that the review of effectiveness is limited to those statutory areas of the framework. The focus of the AGS is on the work being done to assess and improve the Council's governance framework.
- 4.3 This AGS for 2014/15 must be published alongside the statement of accounts when they receive final approval, by no later than 30 September 2015. However, the AGS needs to be current at the time of final approval of the accounts. Therefore any changes to the Council's governance framework that have taken place since this Committee's approval of the draft AGS at its July meeting and the approval of the statement of accounts at the September meeting are reflected in the AGS.
- 4.4 The key changes to the AGS since the July meeting are:
- Updating the titles of the building blocks (Pages 6 to 8)
  - New paragraph on the governance self-assessment (page 8)
  - New paragraph under "External Reviews" in respect of Child Protection inspections (Page 12)
  - New section under Significant Governance Issues for 2014/15 to cover issues raised in the Head of Internal Audit's Annual Audit Opinion 2014/15 which was presented to Committee in July (Page 14)
  - Appendix 1 (Issues from 2013/14) – inclusion of update on Job Evaluation (Page 17).

## OTHER OPTIONS CONSIDERED

- 5.1 None.

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	n/a n/a n/a n/a n/a Governance Working Group, Chief Officer Group
<b>For more information contact:</b>  <b>Background papers:</b> <b>List of appendices:</b>	Janie Berry, Director of Governance Tel: 01332 643616 <a href="mailto:janie.berry@derby.gov.uk">janie.berry@derby.gov.uk</a> Richard Boneham, Head of Governance & Assurance Tel: 01332 643280 <a href="mailto:richard.boneham@derby.gov.uk">richard.boneham@derby.gov.uk</a> None Appendix 1 – Implications Appendix 2 - Annual Governance Statement 2014/15

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 None arising from this report

**Legal**

- 2.1 As detailed in paragraph 4.1.

**Personnel**

- 3.1 None arising from this report

**IT**

- 4.1 None arising from this report

**Equalities Impact**

- 5.1 None arising from this report

**Health and Safety**

- 6.1 None arising from this report

**Environmental Sustainability**

- 7.1 None arising from this report

**Property and Asset Management**

- 8.1 None arising from this report

**Risk Management**

- 9.1 The effective management of risk is a core principle of good governance.

**Corporate objectives and priorities for change**

10.1 The governance framework underpins the achievement of the Council's objectives.

## **Appendix 2**

### **Derby City Council Annual Governance Statement - 2014/15**

#### **1. Scope of Responsibility**

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

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Derby City Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website or can be obtained from the Council's Head of Governance and Assurance. This statement explains how Derby City Council has complied with the code and has been prepared to meet the requirements of regulation 4 (3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an annual governance statement ("AGS") that accompanies the annual accounts.

#### **2. The purpose of the Governance Framework**

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is designed to identify and prioritise the risks to the achievement of the Council's objectives, to evaluate their likelihood and impact, and to manage them effectively.

#### **3. The Council's Governance Framework**

The 2013/14 AGS outlined a number of concerns with the effectiveness of the Council's governance framework. The Council has recognised these problems

and put together improvement actions in a Governance Action Plan to strengthen and enhance the governance framework. This AGS will outline the work that is being undertaken to address these concerns in section 4.

The Council's assurance framework that was in place in 2014/15 is shown in the diagram below:

## Where do we need assurance?

Delivery of corporate priorities  
Service performance and quality  
Financial planning and performance  
Partnership governance and effectiveness  
Project management and delivery  
Procurement processes  
Management and engagement of our staff  
Clarity of roles and responsibilities  
Decision making protocols  
Leadership effectiveness  
Standards of conduct and ethics  
Compliance with laws, regulations etc.  
Effectiveness of the scrutiny function  
Effectiveness of internal control  
Effectiveness of safeguarding arrangements  
Management of risks  
Training and development of elected Members and staff  
Staff engagement  
Community engagement  
Research  
Openness and transparency

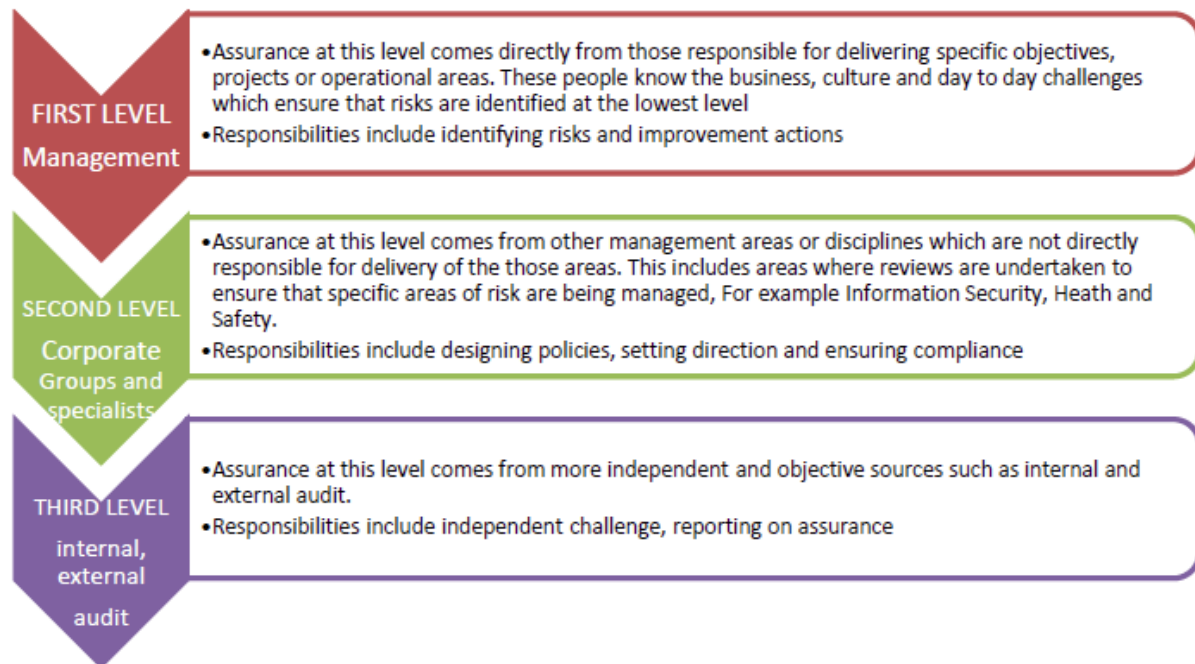
## What do we have in place?

Derby Plan  
Council Plan  
Departmental Business Plans  
Council Constitution, democratic arrangements, scheme of delegation for decision making  
Audit & Accounts Committee and Standards Committee  
Policy framework  
Performance Frameworks (service and employee)  
Effective financial management e.g. Annual Statement of Accounts, Medium-term Financial Plan, regular reporting of performance  
Engagement mechanisms and Complaints processes  
Partnership governance framework  
Project management methodology  
Corporate procurement strategy  
Consultation Policy  
OD Strategy, policies and procedures  
Specific job roles for CEO, S151 Officer and Monitoring Officer  
Member/officer protocols  
Terms and conditions for remuneration  
Pay and Reward Strategy  
Officer and member Codes of Conduct  
Registers of interest/hospitality  
Anti-fraud and corruption policy and whistleblowing arrangements  
Financial Procedure Rules & Contract procedure Rules  
Staff and member training through a blended learning approach  
Risk management framework  
Corporate Safeguarding Board  
Equalities framework  
Core Values and behaviours  
Effective systems, processes and controls  
Electronic Policy management and E Learning system

## What are our sources of assurance?

External auditor reviews and reports  
Internal Audit reviews and reports  
Internal audit planning linked to governance framework and risk  
External reviews and inspectorate reports  
Self-assessments  
Peer reviews  
Staff surveys  
Benchmarking/VFM data  
On-going review of governance  
Partnership boards  
Council's democratic arrangements e.g. scrutiny and 'audit' committees  
Customer feedback  
Community Engagement through:  
    Reach-out Consultation Panel  
    Statutory Surveys  
    Service User Forums  
    Diversity Forums  
    Voices in Action Youth Council  
    Neighbourhood Boards/Forums  
    Streetpride Champions  
    Your City, Your Say

Assurance can come from many sources within the Council. The Governance Working Group is responsible for mapping out where those assurances come from in order to identify any gaps. The Council uses the standard model of assurance within its governance framework, enabling it to understand how each contributes to the overall level of assurance and how best they can be integrated and mutually supportive. The key areas of assurance that underpin the governance framework are shown below:



#### 4. Key Developments to the Governance Framework:

An officer Governance Working Group has been established to address the issues identified in the Governance Action Plan. The Group is chaired by the Director of Legal and Democratic Services and consists of a number of senior officers from across the Council with responsibilities for the key elements of corporate governance. The Working Group meets on a frequent basis to make sure that the Council is achieving significant improvements across a wide range of corporate governance issues.

The Group has identified a number of 'building blocks' for corporate governance. They will use these as the basis for identifying immediate actions that need to be taken to address corporate governance issues as well as for developing a robust and comprehensive Corporate Governance Framework.

The nine building blocks are...

- 1) The Constitution
- 2) Finance and Contract Procedure Rules
- 3) Risk Management
- 4) Project Management
- 5) Information Security
- 6) People Management and Organisational Development
- 7) Strategic Planning
- 8) Performance Management
- 9) Policies and Strategies



The Working Group has identified key issues under each of the building blocks where it was considered that immediate action needed to be taken. The identified actions are shown below...

### **The Constitution**

- Managers' Bulletin – including reminders staff of their responsibilities and the need for them to read and understand the Constitution.
- iDerby – include making the Constitution more easy to find for staff and Members..
- Content Management – include reminders on the Employee Code of Conduct and the Constitution on the TV screens in the Council House (staff areas).

### **Finance and Contract procedure Rules**

- Document Review – updates required to the Finance and Contract Procedure Rules and Statutory Scheme of Delegation.

### **Risk Management**

- Risk Strategy – review and update.
- Strategic Risk Register – update the Strategic Risk Register, make sure it reflects Directorate registers and introduce regular reporting to COG and Members.
- Staffing – extra resource needed (linked to Information Governance).
- Risk Monitoring – develop framework.
- Risk reporting – purchase and implement new risk module on DORIS.

### **Project Management**

- Corporate Projects – agree a definition and identify corporate projects.
- Reporting – corporate projects to report progress to a core board.
- Board Structure – identify existing boards and any links between them and opportunities for rationalisation.

### **Information Security**

- Staffing – extra resource needed (linked to Risk Management)
- Information Security / Data Protection Training – modules to be completed by May 2015 – communications needed to remind Members and staff to complete the modules.
- Compliance with NHS Toolkit – achieve PSN certificate.

### **People Management and Organisational Development**

- Organisational Development – develop a plan to identify key priorities and values and behaviours for the organisation.
- Culture – develop a change programme covering issues such as Leadership, accountability, ownership and decision making.
- Management Structure –develop proposals for a revised management structure.
- Organisation Development Team –review capacity and develop a Business Case for additional fixed-term resources to implement proposals.

## **Strategic Planning**

- Delivery Plans –develop effective links to theMedium Term Financial Plan (MTFP) budget planning process.
- Demands and Needs - undertake a comprehensive review.

## **Performance Management**

- Governance Scorecard – develop and implement.
- Individual Performance Management - raise awareness of golden thread and improve links to MIPs.
- Leadership capability of managers to improve productivity and engagement.

## **Policies and Strategies**

- Policy and Strategy Register – review and rationalise the number of policies and strategies across the Council.
- Link HR policies to business performance.
- Critical Business Procedures –identify and document.

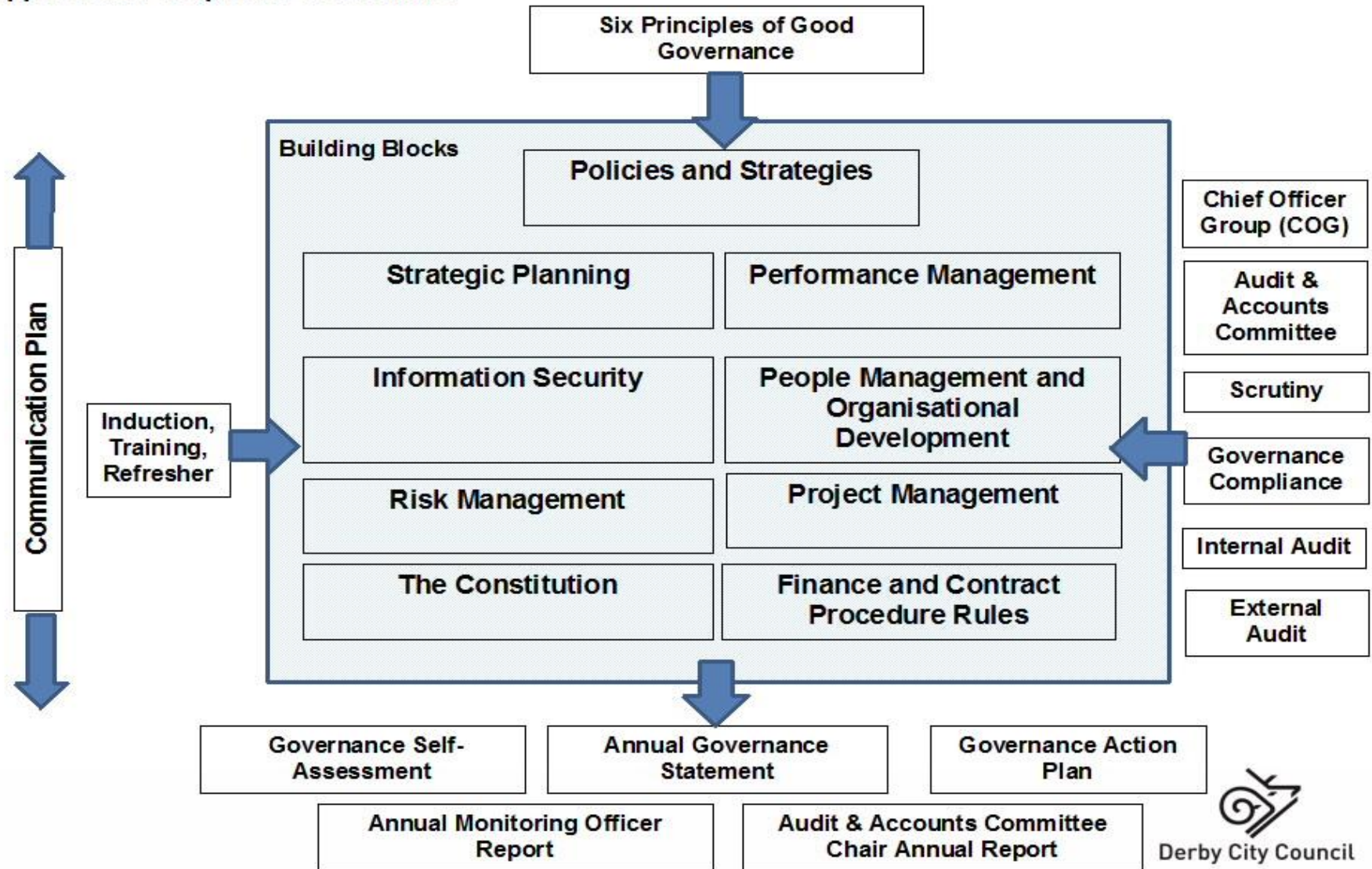
The Working Group has reviewed both the Casey Report on Rotherham and the Kerslake Report on Birmingham to identify and review the key governance themes. The key issues from the Casey and Kerslake reports, as well as any other emerging issues either within the Council or as a result of national issues, are being used to inform the Council's comprehensive Governance Action Plan which is based on the governance building blocks identified above.

In response to the Casey report, the administrative and decision making aspects of the corporate licensing function have been thoroughly reviewed. The 2015 round of training for members of the Licensing Committee has been strengthened, to include a specific session on the overlap between the Council's corporate safeguarding obligations and licensing, in light of the 'common thread' identified between the two within the Casey report. This will not be a one-off, as safeguarding training will remain incorporated into all future training in the area. The member guidelines relied upon at sub-committee hearings have also been comprehensively revised and updated to make them fit for purpose, while the sub-committee composition has also been changed. There is also a new inter-departmental information sharing agreement being introduced within the Council to enable related services such as housing, CYP and schools' transport to legitimately share formal and intelligence based safeguarding information between each other, and the licensing team.

In addition the Governance working group has carried out a self-assessment of its governance arrangements using the CIPFA/ SOLACE principles and key lines and enquiry. This has been discussed by Directorate Management Teams and will be presented to COG in September 2015. This will inform longer term improvement planning for governance.

The Council's approach to the redevelopment of its governance framework is shown in the diagram below:

**Derby City Council  
Approach to Corporate Governance**



## 5. Review of Effectiveness

Under normal circumstances the Governance Working Group would review the effectiveness of the Council's governance framework including the system of internal control on an on-going basis. Given the impact of the governance issues outlined in the 2013/14 AGS and the extensive overhaul of the governance framework, a full review of effectiveness is impracticable.

However, there are certain key elements of the governance framework that have been operating. These include...

- The responsibilities of the Head of the Paid Service for the Council rest with the Chief Executive. The Head of Paid Service is responsible for the overall corporate and operational management of the Council. From February 2015, the Council has an Acting Chief Executive in place, following the voluntary redundancy of the Chief Executive in January 2015. The recruitment of a permanent postholder should be approved by Full Council in July 2015.
- Effective arrangements are in place for the discharge of the role of the Chief Finance Officer as defined under Section 151 of the Local Government Act 1972. This Officer has statutory responsibility for the proper planning, administration and monitoring of the Council's financial affairs. The Council's financial management arrangements also conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). This statement sets out 5 principles that define the core activities and behaviours that belong to the role of the chief financial officer and the governance requirements needed to support them. The financial management of the Council is conducted in accordance with the Financial Procedure Rules set out in the Council's constitution. The financial management system includes...
  - A Medium Term Financial Strategy, which is reviewed and updated annually, to support the delivery of the council's Strategic Priorities.
  - An annual budget cycle incorporating council approval for revenue and capital budgets, as well as treasury management strategies.
  - Financial Procedure Rules that are reviewed at intervals of not more than 3 years, with the latest review having been carried out during 2012/13.
  - Process and procedure guidance manuals.
  - Annual Accounts supporting stewardship responsibilities, which are subjected to external audit and which follow Code of Practice on Local Authority Accounting in the UK in line with International Financial Reporting Standards.
  - Regular budget monitoring by budget holders including monthly financial forecasting.
  - Reporting of the Council's financial position to COG and Members, stating financial and performance information.
  - Management of risk in key financial areas.

As reported in the 2013/14 Annual Governance Statement, the Council's internal governance procedures highlighted issues that led to the Strategic Director of Resources (then the Council's s151 Officer) being placed on leave in July 2014. In July 2014, the Director of Finance and Procurement took over the role of s151 Officer. The Constitutional amendment was made on 23 July 2014 by Full Council.

- Effective arrangements are in place for the discharge of the Monitoring Officer function. The Constitution covers the key statutory role of the Monitoring Officer; it also includes the requirement for the Council to ensure that the Monitoring Officer has access to sufficient skills and resources to deliver the role. The Monitoring Officer has confirmed that they have the skills and resources needed and continues to monitor this. There is a specific job description and person specification for the Director of Legal & Democratic Services which reflects the monitoring officer duties.
- The Council's internal audit coverage, which is planned using a risk based approach. The outcome from the internal audit coverage helps form the Head of Governance and Assurance's Audit Opinion on the overall adequacy of the Council's internal control framework, which is reported in their annual report. The Head of Governance and Assurance complies with the CIPFA Statement on the Role of the Head of Internal audit in Public Service Organisations (2010). The above statement contains 5 principles split into:
  - Governance requirements
  - Core Head of Internal Audit responsibilities
  - Personal skills and professional standards.
- The Council has set out the terms of reference for internal audit; these were reviewed in March 2014, by the Audit and Accounts Committee, and approved by Council on 11 June 2014.
- The council maintains and operates an Audit and Accounts Committee which is independent of the Executive (Cabinet). The work of the Audit and Accounts Committee includes reviewing the outcomes from the annual internal audit plan and the annual opinion report of the Head of Governance & Assurance. The Committee's terms of reference have been updated to take account of the new CIPFA guidance and the Committee operates to these.
- The Council has in place key internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework; monitoring of policies, such as the customer feedback and health and safety policies; and the corporate budget challenge process.
- The Council has Scrutiny Commissions in place to provide "challenge" to the Cabinet.
- The Council's Constitution is reviewed and updated annually.

- The Council has established systems in place for receiving whistle blowing complaints and general service based complaints.

#### **Internal Review:**

- The 2014/15 review of the effectiveness of the internal audit function by the s151 Officer has concluded that the function is effective.
- The Governance Working Group has carried out a self-assessment against the CIPFA/Solace 6 principles of Good Governance.

#### **External review:**

- The Council's External Auditor reports the findings of their interim audit work and the impact of their findings on the financial statements to Audit and Accounts Committee. They also review the work of the internal audit service and provide comment on corporate governance arrangement and performance management in their Annual Audit Letter and other reports.
- In March 2015 the Council received an external peer review of Adult Social Care Use of Resources co-ordinated by the Local Government Association. As a voluntary assessment the Council had the opportunity to liaise with the assessment team on the areas which we felt would benefit from external challenge. There were two key lines of enquiry identified for consideration...
  - Are we delivering best value for our customers?
  - Is our governance fit for purpose in terms of budget risk and risk to individuals – now and in the future?

The peer review team found that the Council is:

- self-aware and has a good understanding of its strengths and weaknesses
- well-led and focused on the right priorities
- delivering good outcomes for service users
- maintaining open and positive relationships with partners
- a learning organisation
- needs to be bold and take some tough decisions about future services.
- It should be noted that to support continuous improvement both Adults and Children's services participate in the regional sector led improvement programme. As a minimum an annual self-assessment is completed, which is subject to external scrutiny and challenge. In addition, Children's services are subject to a safeguarding assurance visit once per year. Full peer assessments are completed on a two year cycle and are linked to areas of improvement.
- During 2014/15 there have been no major child protection /social care inspections in Derby although the authority supported Ofsted in their work on Child Sexual Exploitation through a voluntary visit to the city in January 2015. Since the start of

April 2014, 15 children's centres across the city have been subject to an inspection with all being judged as 'requires improvement'. The Council has put an improvement plan in place to address the issues arising. In addition to this all Children's Homes are inspected on a 6-monthly basis with a number improving from 'requires improvement' to 'good' during 2014/15. The Youth Offending Service was also inspected in September 2014 through Short Quality Screening visit with the outcomes showing that good progress had been made since the last full inspection in 2012.

## **6. Significant Governance Issues**

### **Previous years**

Progress continues to be made on significant governance issues raised in annual governance statements in previous years. Appendix 1 contains an update on progress made on those issues raised in the 2013/14 statement.

### **2014/15**

A number of the significant governance issues which occurred in 2014/15 were reflected in the 2013/14 AGS, as this was still a live document when these issues arose. They are not reported here. However, the following significant governance issues need reporting for 2014/15:

#### ***Freedom of Information - ICO Monitoring:***

In January 2014 the Information Commissioner received a complaint under section 50 of the Freedom of Information Act 2000 (FOIA) about Derby City Council's handling of a request for information. The Council had disclosed some of the requested information and withheld other information under the FOIA exemption for commercial interests (section 43(2)).

In May 2014, having found that the exemption was not engaged, the Commissioner issued a decision notice which instructed the Council to disclose the withheld information. Following the issuing of the decision notice the Council revised its position and confirmed that it did not hold the withheld information. It also stated that no additional information falling within the scope of the request was held. In July 2014 the Commissioner issued a further decision notice which concluded that the Council had disclosed all the relevant information that it held.

In August 2014 the Council contacted the Commissioner and advised that an internal audit had uncovered information which, it appeared, fell within the scope of the complainant's request. Under section 77 of the FOIA it is an offence for a public authority to block access to or conceal information to which a requester is entitled. As the Council's revised position contradicted its previous confirmation that information was not held, the Commissioner, therefore, had concerns that section 77 might be relevant in this case.

Following an investigation by the Commissioner's Criminal Investigation Team, a decision was made not to pursue a prosecution against the council or its employees. Although the Commissioner does not consider that formal action is appropriate at this stage, he has the following concerns about the Council's practice...

- The Council applied exemptions without first establishing whether relevant information was actually held.
- The Council displayed a disposition towards delaying responses to requests and obstructing access to information to which a requester was entitled.
- During his investigation of a section 50 complaint, the Council failed to provide the Commissioner with timely, accurate responses to his enquiries. This resulted in unnecessary delays.
- The Council's practice in relation to this matter suggests that staff dealing with requests have not been provided with sufficient training and/or that it does not take its responsibilities under the FOIA, in particular section 77, sufficiently seriously.

The ICO notified the Council in February 2015 that it wanted to ensure that the Council has adequate procedures in place for dealing with Fol requests. The ICO produced an action plan which identified their concerns and set out a range of steps for the council to take. The ICO is seeking to work with the Council to make sure that future Fol requests are handled properly.

#### ***Audit Certificate 2013/14:***

The Council's External Auditor is not yet in a position to be able to issue the audit certificate for 2013/14. Given the governance failures that happened over the last 18 months, External Audit is looking to the Council to produce something to put into the public domain to explain broadly what happened and the lessons learned.

#### ***Issues arising from Internal Audit reports:***

The Head of Internal Audit (Head of Governance & Assurance) reports his Annual Audit Opinion to Audit and Accounts Committee Based on 2014/15 internal audit work he reached the overall opinion that "there is an acceptable level of internal control within the Council's systems and procedures". This opinion had regard to the following:

- The level of coverage provided by Internal Audit was considered minimal.
- 4 reports provided a 'Limited' control assurance rating; all others were either 'Comprehensive' or 'Reasonable'.
- There were no 'critical risk' recommendations made and only 3 recommendation attracted a 'significant risk' rating within any audit reports issued in 2014-15.

The 4 audit reports that provided limited assurance were:

- Conflicts of Interest
- Regeneration
- CIS payments
- Asset Management & Estates



In addition, the Head of Internal Audit gave a limited assurance opinion following an investigation on job evaluation.

All audits leading to a rating of “Limited” or “None” are brought to the Audit and Accounts Committee’s specific attention.

## **6. Certification**

We have recognised weaknesses in the previous governance framework and have begun the process of implementing corrective action. We propose over the coming year to continue to address these weaknesses and to rebuild our governance arrangements. We are satisfied that the action plan in place will address the weaknesses that we have identified and will continue to monitor the implementation of a revised governance framework.

Ranjit Banwait  
Leader of the Council

Paul Robinson  
Chief Executive/Head of Paid Service

Paul Hezelgrave  
Chair of Audit & Accounts  
Committee

Janie Berry  
Monitoring Officer

**Governance Issues – Update on outstanding issues from previous years:**

Governance Issues	Progress made/Comments
<b>Issues from 2013/14</b>	
<b>Governance</b>	
To review the Council's Governance framework	<p>Key governance issues affecting the Council have been analysed and a Governance Action Plan developed.</p> <p>The views of the Council's External Auditors will continue to be sought throughout this whole project.</p> <p>The Monitoring Officer has established a working group of Senior Officers to address the key governance weaknesses, together with the issues highlighted in the 2013/14 Annual Governance Statement. The working Group meets monthly. Its main objective is to demonstrate transparency and robustness within the Council's governance framework. The key tasks are to:</p> <ul style="list-style-type: none"> <li>• identify any gaps in current arrangements for corporate governance and recommend improvements</li> <li>• consider the structure of, and roles within, the Council's corporate governance arrangements</li> <li>• develop a corporate governance framework and policy for the Council and make recommendations to the Audit and Accounts Committee on these matters</li> <li>• develop and monitor the Corporate Governance Action Plan</li> <li>• oversee the production of the key</li> </ul>

Governance Issues	Progress made/Comments
	governance documents
<b>Information Governance</b>	
Review the evidence in support of the 40 requirements of the IG Toolkit	Completed - An external assessment was carried out which reviewed all the evidence in place within the Council to support the requirements of the NHS IG toolkit and identified the level of compliance with each criteria as at June/July 2014.
Identify areas of non-compliance with Level 2 and produce improvement plan.	<p>Following on from the external assessment a small task group reviewed the report and the recommendations and produced an Improvement Plan.</p> <p>The Improvement Plan is monitored by the Information Governance Group with regular updates to Governance Working Group and Audit and Accounts Committee. A re-structure within the Information Governance Team has increased the resources available to progress the actions within the plan.</p>
<b>Job Evaluation</b>	
To complete the job evaluation process including the process for non-teaching staff at the Council's schools.	<p>Following concerns raised by the Monitoring Officer about contractual issues related to its strategic partner for the job evaluation project. This led to the Council entering into a contract with Hay Group to complete the job evaluation process.</p> <p>The new pay scheme will be effective from 1 January 2016.</p>
<b>Risk Management</b>	
Re-constitute the Strategic Risk Group	Completed - A new Strategic Risk Group is now in place. Meetings are scheduled to be held at least quarterly. The first meeting was held on 13 October 2014, with a further meeting held on 19 February 2015.
To review the current risk management framework	Risk management is one of the 9 building blocks within the Council's new approach to Corporate Governance. The review of

Governance Issues	Progress made/Comments
	the risk management framework is integral to the whole governance refresh. Actions have been developed and are in progress.
<b><i>Payroll</i></b>	
Full implementation of the recommendations made in the Internal audit report.	<p>Regular updates have been provided to Audit and Accounts Committee on progress with implementing the recommendations from the audit.</p> <p>The HR Operations Manager has implemented regularly robust checks and balances across the Team to ensure procedures are being followed and accurate records are being maintained</p>
Report outlining the problems/issues arising from the internal audit work to be presented to Audit and Accounts committee for scrutiny.	The report was taken to Audit and Accounts Committee on 24 September 2014. Audit and Accounts Committee has received update reports at meetings on 8 December 2014 and 25 February 2015

**Action Plan – Significant Governance Issues 2014/15**

Action(s)	Responsible Officer	Timescale	Progress to date	Impact and measures
<b>Freedom of Information - ICO monitoring</b>				
<p>To ensure all Fols are responded to in the statutory timeframe</p> <p>To meet the ICO requirement that Derby ensures that requests for information are provided with timely responses. In order to measure this the council will provide the Commissioner with statistics over a 6 month monitoring period.</p>	Head of Governance & Assurance	6 month period of monitoring ending August 2015 (to be supplied each month by last day of the following month).	2 months data supplied – all Fols within statutory timeframe.	<ul style="list-style-type: none"> <li>• Number of requests received</li> <li>• Responses issued within 20 working days</li> <li>• Responses issued &gt; 20 working days with no Public Interest test (PIT) extension</li> <li>• Responses issued &gt; 20 working days with PIT extension</li> <li>• Oldest overdue request (in working days)</li> </ul>
<p>To provide training for staff on Fol legislation and processes.</p> <p>To meet the ICO requirement that Derby take steps to ensure that all employees who deal with correspondence, or who otherwise may be required to provide information, are familiar with the requirements of the FOIA, the EIR and associated Codes of Practice, and that appropriate training is provided.</p>	Director of Legal & Democratic Services	September 2015	<p>Meeting held with Geldards to scope the project.</p> <p>Report outlining way forward drafted for Acting Chief Executive.</p>	
<b>Audit Certificate</b>				
To meet the requirements of External Audit	Director of Legal & Democratic Services	ASAP	Governance Action Plan produced.	

## Summary of the Code of Corporate Governance

### Appendix 3

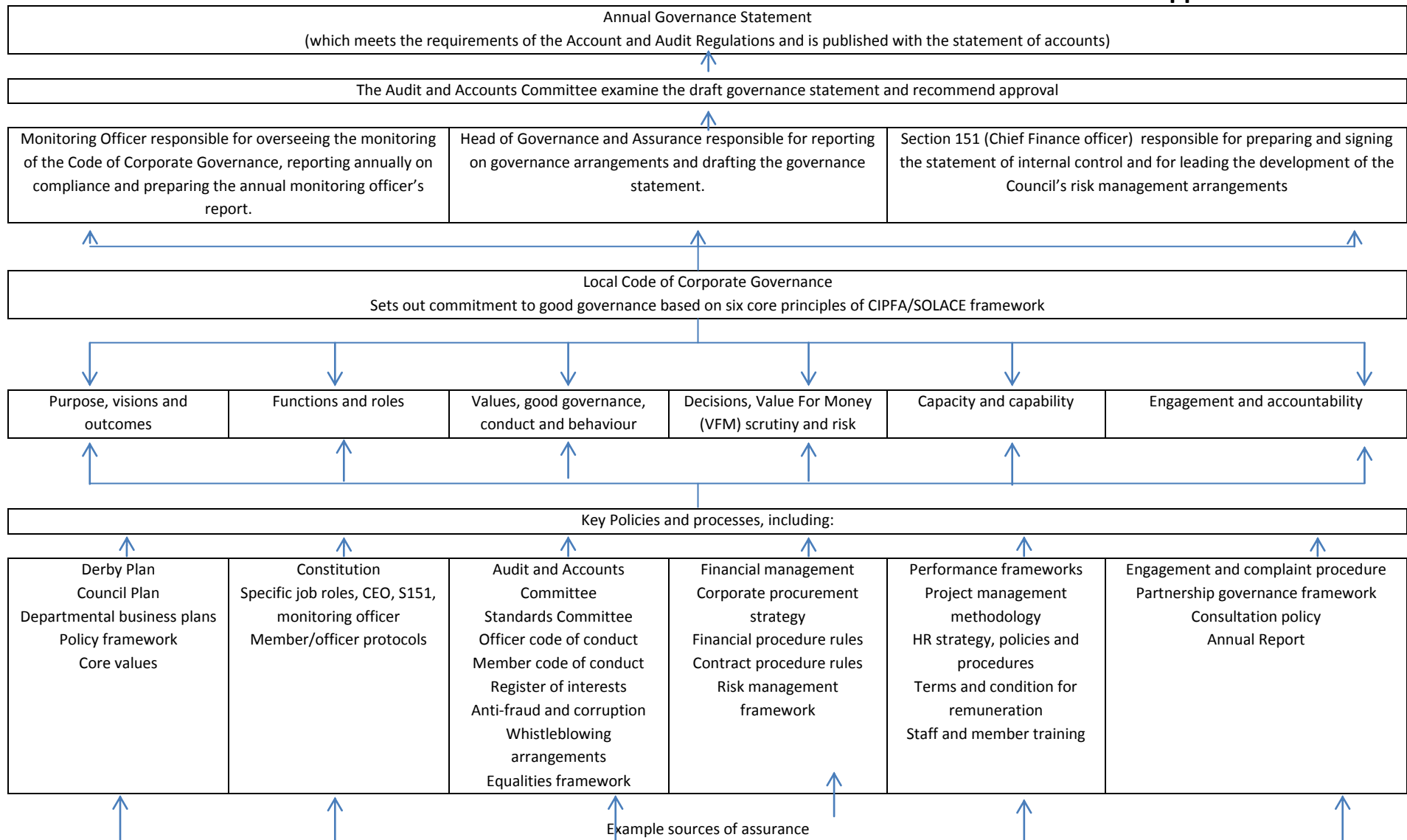
1 Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area	2 Members and officers working together to achieve a common purpose with clearly defined functions and roles	3 Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risks	5 Developing the capacity and capability of members and officers to be effective	6 Engaging with local people and other stakeholders to ensure robust public accountability
Exercising strategic leadership by clearly communicating the authority's purpose and vision and its intended outcome for citizens and users	Ensuring effective leadership throughout the authority by being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function	Ensuring council Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance	Exercising leadership by being rigorous and transparent about how decision are taken and listening and acting upon the outcome of constructive scrutiny	Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles	Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountable relationships
Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning	Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard	Ensuring that organisational values are put into practice and are effective	Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/ needs	Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery
Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.	Ensuring relationships between the authority and the public are clear so that each know what to expect of each other		Making sure that an effective risk management system is in place	Encouraging new talent for membership of the authority so that best use can be made of resources in balancing continuity and renewal	Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

			<p>Recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on local authorities by public law, but also accepting responsibility to use their legal powers to the full benefit of the citizens and communities in their area.</p>		
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## Framework for the Annual Governance Statement

## Appendix 4



Your Derby Local Area Agreement Neighbourhood forums	Scheme of Delegations	Annual Internal Audit opinion External Audit reviews and reports Internal audit plan	Risk Register Risk Manual	Induction programme E-Learning packages Staff surveys	Annual scrutiny report Annual Report Community engagement
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