

Annual Governance Statement 2022/23

1. Scope of responsibility

Erewash Borough Council (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is used and accounted for properly. 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, having regard to a combination of economy, efficiency and effectiveness.

In discharging these overall responsibilities, the council is responsible for making proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The council has in place a Local Code of Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government'. This was originally approved by members in 2017/18 and is subject to annual review (A copy of the current local code is available on the council's website, along with a detailed assessment of how the council is meeting the governance requirements therein). This statement explains how the council has conducted the review of the effectiveness of these governance arrangements and summarises how good governance has been delivered in accordance with these principles. It also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication and the approval of an annual governance statement.

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 and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk. 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 policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the council for the year ended 31 March 2023 and up to the date of the approval of this Statement.

3. The governance environment

The council's control environment encompasses the strategies, policies, plans, procedures, structures, processes, attitudes, behaviour and actions required to deliver good governance. The key elements of good governance arrangements in the council are:

Corporate Plan

- The Corporate Plan, which set out the council's approach to serving its residents and working in the public interest. The plan sets out the council's priorities, defines the goals to be achieved and guides delivery of council services.
- Following the election of a new administration in May 2023, the Corporate Plan is likely to be refreshed to set out the priorities for the next four years.
- The Corporate Plan is supported by service plans setting our local priorities which are approved and available online in June/July of the municipal year.

Council Constitution and Governance

- The Constitution, which is kept under review by members through the General Purposes Committee and sets out the:
 - council's decision-making framework;
 - roles and responsibilities of members and committees;
 - roles and responsibilities of the statutory senior management appointees, in particular the Chief Executive (Head of the Paid Service), Director of Resources (Section 151 Officer) and the Head of Law and Governance (Monitoring Officer);
 - supporting policies and procedures, including a scheme of delegation of responsibility which is revised and agreed each year; and
 - member and officer codes of conduct and a member employee protocol governing how the two work together.
- Maintenance and publication of a Forward Plan listing the key decisions that are expected to be taken by the Council Executive over the next four months.
- Committee reporting protocols with a requirement for consideration of financial, legal, personnel and risk implications.
- Council minutes which include details of the reason for the decision and any other options which were considered and rejected.
- Professional officers in attendance at meetings to provide advice.
- An Independent Remuneration Panel to advise Council on matters relating to members' remuneration including allowances and a Pay Policy statement covering officer pay which is approved and published annually.
- A cross party Standards Committee, with co-opted independent members in place, which monitors complaints handling by services and retains an overarching responsibility to promote and ensure high ethical standards.
- A Scrutiny Committee with powers and terms of reference which include scrutiny of the Council Executive decisions and the performance of services.

- An Audit Committee with clear terms of reference whose role includes monitoring and reviewing work undertaken by Internal Audit and providing challenge to service management. An external view continues to be provided by the Independent Member on this Committee

Statutory Officers

- The Chief Executive is designated as Head of Paid Service.
- The Director of Resources is designated as the responsible officer for the administration of the council's financial affairs under section 151 of the Local Government Act 1972.
- The Head of Law and Governance is designated as the council's Monitoring Officer under the Local Government and Housing Act 1989.
- All reports to a decision-making body must be considered by the Director of Resources and Head of Law and Governance before they are submitted. This is to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

Decision making arrangements

- The officer structure of the council operates with a Chief Executive and two Directors comprising the Corporate Management Team (CMT).
- The CMT and relevant Service Leads come together to form the Senior Management Team (SMT).
- Decisions made by those bodies are in line with the responsibilities conferred on officers by the Constitution.

Financial arrangements

- Financial Procedure Rules exists covering all financial matters.
- All reports to a decision-making body must be considered by the Director of Resources before they are submitted to ensure the financial impact of potential decisions is clear.
- The CIPFA Statement on the Role of The Chief Financial Officer in Local Government sets out the five principles that need to be met to ensure that the Chief Financial Officer can carry out the role effectively. The Director for Resources is a member of the council's Corporate Management Team and meets all the requirements.
- A Medium Term Financial Forecast which informs both service planning and budget setting.
- Monthly budget monitoring processes and quarterly reports to members on the council's financial position.
- Treasury management activities which are compliant with the professional codes and subject to robust scrutiny.
- An Internal Audit section working to standards set out in the Public Sector Internal Audit Standards, whose effectiveness is reviewed as part of the annual assessment of governance arrangements.
- An approved local assurance framework setting out the financial management and governance of the Long Eaton Town Deal in relation to the development of priority projects identified in the Long Eaton Town Investment Plan.

Performance Management

- A Performance Management Framework underpinned by local performance indicators and targets which are subject to routine monitoring and reporting to management, members and the public.
- Quarterly performance reports are presented to the Executive and Scrutiny and are available online.

Consultation and engagement

- Principles of consultation activity which are included in a Communications Strategy and facilitate the continued development of the communication channels available to interact with the council.
- Recognition of the popularity of on-demand and online communication through the continuing extension of digital and social media platforms to improve access to information and services.

- A combination of consultation methods, to increase stakeholder involvement, which are kept under review and include internet, email, postal, telephone and face-to-face surveys.
- Engagement activities arranged through contact with relevant community organisations, in particular to target those groups considered to be 'difficult to engage'.

Governance policies and procedures

- A governance working group of senior officers which oversees the production of the Annual Governance Statement and is able to address actively the governance issues it identifies.
- A counter fraud framework incorporating an Anti-Fraud, Theft and Corruption Strategy, Anti-Money Laundering Policy and a Confidential Reporting "whistleblowing" policy for receiving allegations of fraud or misconduct.
- A retained dedicated in-house capacity to investigate and focus on types of frauds that have a local impact, in particular business rate, council tax discount and council tax support fraud. The Internal Audit team also undertake investigative work and consider the adequacy and effectiveness of controls to assist management to prevent and detect fraud. The council is also an active participant in the National Fraud Initiative (NFI) data matching exercise.
- A Risk Management Strategy which includes guidance to assist officers in recognising and managing risk and an escalation regime which includes reporting to members.
- Registers of Interests and declarations of Gifts and Hospitality accepted.
- Defined standards for customer service, supported by a corporate complaints procedure which is well established and available to customers on the website or at the council's offices.

Human Resources

- A Corporate Equality Policy which includes specific objectives and forms the framework for the wider equality and diversity arrangements.
- A pay and reward structure which is equitable for employees and meets the requirements of the Single Status Agreement of 1997.
- Person specifications for all staff which facilitate performance and development reviews. A variety of training opportunities, including access to on-line training, have been made available and are undertaken by officers and members.
- The protocol in place for the Joint Consultation meetings to be held between the council and appropriate unions each quarter.

4. Review of effectiveness

The council has responsibility for conducting, each financial year, a review of the effectiveness of the system of internal control which encompasses the wider governance framework. The review of the effectiveness has been undertaken by the Annual Governance Statement Officer Group. It has been informed by the risk and performance management systems, the work of Internal Audit, senior management (who have responsibility for the development and maintenance of the internal control environment) and the comments and guidance provided by External Audit and other review agencies in their reports.

Internal Audit assurance

It is the Internal Audit Managers opinion that Satisfactory Assurance can be given over the adequacy and effectiveness of the council's control environment for 2022/23. This control environment comprises of the system of internal control, governance arrangements and risk management. This remains consistent with the overall opinion given in recent years.

This opinion is based on the findings of Internal Audit work in 2022/23 which was reported to Audit Committee in May 2023 and other forms of assurance such as the independent annual ICT health check (carried out in July 2022). There are no significant governance issues that Internal Audit drew to the attention of the council for inclusion in its Annual Governance Statement. However, there are individual areas where Internal Audit has highlighted the need for improvements and these are being addressed.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

Financial performance and resilience

Various financial reports on financial performance were presented to the Executive during the year. The council started 2022/23 with a key priority of delivering to budget in the face significant inflation risks and minimising its use of reserves (budget at £0.354m).

By the outturn the council had underspent by over £1m with a net cost of services underspend of £429k. Further information and detail will be presented to the Council Executive in July and can be found in the Narrative report to the Statement of Accounts.

The Council set a revenue budget for 2023/24 which relied on reserves of £1.4m despite savings of over £1m. Cost pressures arising from inflation, utilities and pay continue to exceed any increase in available funding. The outlook for 2024/25 and beyond remains uncertain but challenging, a position acknowledged by its members and officers. Work continues to address the potential financial gap which could be c£1m.

Corporate performance

Corporate performance of the council towards achieving the objectives laid out in the Corporate Plan is monitored through the use of a number of key performance indicators. At the end of 2022/23, 7 of the council's performance indicators were above target, 5 were classed as a 'near miss' so marginally below target and 7 were above 10% below target. A number of these relate to residents views of the council, others relate to processing times in benefits caseload which has increased due to the cost of living crisis and where council staff have been redeployed to deliver national schemes in relation to fuel payments. An analysis of performance in 2022/23 was reported to the Council Executive in July ([Performance Indicator Report](#)).

Fraud

The council continues to participate in the National Fraud Initiative (NFI) programme. For the 2022/23 biennial exercise the council received 606 matches to review in the following categories:

- Council Tax Reduction Scheme – 302

- Duplicate Creditors – 239
- Housing Benefit Claim – 25
- Payroll – 39
- Procurement – 1

The council has reviewed a significant number of matches and work is ongoing. Matches for investigation are prioritised on a risk basis and as at the end of July in excess of 40% of the matches had been investigated. None of the matches investigated to date indicate actual fraud had occurred.

Proactive work is also undertaken by the Fraud Investigator within the council's revenues team. In particular work has focused on identifying fraud and error in respect of Council Tax and Non Domestic Rates discounts and exemptions. This work has resulted in over £90,000 of savings during 2022/23.

Information Governance

There were 1,241 Freedom of Information Act (FOI) and Environmental Information Regulations (EIR) requests received in 2022/23, down by 8% on 2021/22 (1,351 requests). 97.5% of requests were responded to within the 20 day time limit and 3 FOI requests required an internal review.

During 2022/23 2 complaints were submitted to the Information Commissioner's Office (ICO). The ICO found in the council's favour for 1, whilst the other is currently awaiting a decision.

8 Personal Data Breaches were reported to Law and Governance in 2022/23, up from 5 in the previous year. All were investigated, and 6 were adjudged to be a confirmed breach. None of them were considered to be high risk and none were referred to the ICO.

The council also received;

- 10 Subject Access Requests in 2022/23, down from 16 in the previous year.
- 2 Internal CCTV requests (requests for footage from cameras on council property) down from 4 in 2021/22.
- 30 External CCTV requests (requests for footage from street and public space cameras) up from 24 in 2021/22.
- 59 Data Protection Requests (requests for personal data from other authorities, the police, government departments etc.) compared to 51 in 2021/22.

Government Grant Schemes

The council has delivered a number of government grant funded schemes during the year and work has been conducted to provide assurance both in respect of the scheme design (for example the variety of "cost of living" support schemes administered by the Revenues team and the shared prosperity funding scheme delivered by the Economic Development team) and post payment (for example Discretionary Housing Payments and Green Home Payments).

Long Eaton Town Board

The governance arrangements for the Long Eaton Town Deal Board, which has brought together representatives of a range of organisations to draw up a Town Investment Plan for Long Eaton, were also considered given the council's membership and its role acting as the accountable body. The governance arrangements in place, supported by detailed "Governance and Terms of Reference" documentation covering the delivery phase, are appropriate and are underpinned by an approved local assurance framework.

5. Significant governance issues

In 2021/22 the council highlighted a number of governance/control issues. An update on these issues is given below.

No.	Governance/Control Issue	Proposed Action	Latest
1	The need to be able to respond to a variety of evolving financial pressures, exacerbated by the coronavirus pandemic, and ensure that the council finances are sustainable.	Keep under continuing review the Medium Term Financial Forecast (MTFF) to confirm that sufficient reserves are held and that the council can demonstrate sustainability.	The council delivered significant savings in the 23/24 budget (over £1m) but continues to face challenges and is working on closing the anticipated budget gap. Members are kept aware of new pressures and the latest MTFF will be reported in September 2023. In year savings proposals are being considered and further savings will be identified as part of the 24/25 budget.
2	Roll out of enhanced digital services (IEG4).	Strengthen corporate ownership of IEG4, re-establish working group and develop revised priorities.	The working group has been re-established and the council extended its contract with IEG4 in November 2022. In the short term (pre March 2024) the focus will be on implementing the new Waste Management system. Officers are working with the new administration to develop priorities, including a digital plan, as part of its corporate plan refresh. Further investment will be required before any additional work is undertaken.
3	Update Financial Regulations, Procurement Strategy and Contract Procedure Rules.	Update documents to reflect changes to service provision and current structures.	Earlier review work had indicated that although they would benefit from a refresh, documents were adequate and therefore no changes were made in advance of the elections. Work has now begun on reviewing various aspects of the Constitution. A staff consultation has already been completed and a member consultation is to follow in September.
4	Improvements to the council's counter fraud arrangements.	Raise staff awareness of council's counter fraud and whistleblowing policies and key contacts.	Significant investment has been made in 2022/23 in relation to fraud prevention working with front line teams to design and implement controls. A counter fraud action plan has also now been approved by Audit Committee and will facilitate the delivery and monitoring of key actions.

No.	Governance/Control Issue	Proposed Action	Latest
5	Closed Circuit Television Surveillance Policy	Undertake a review, identifying any areas of non-compliance, and draw up a plan detailing the actions required to achieve compliance along with appropriate target dates.	A review of the CCTV policy has been carried out and a draft Memorandum of Understanding has now been completed. It is anticipated that this document will be adopted by the Derbyshire Constabulary following a scheduled meeting in August 2023. A new Data Protection Impact Assessment on the whole system will follow, together with a self-assessment against the Surveillance Camera Commissioner's guidance.

Whilst some of the above issues remain outstanding and present risks to the council, the review of the effectiveness of the council's governance arrangements undertaken by the Annual Governance Statement Officer Group established that a number of the issues highlighted in the 2021/22 Annual Governance Statement should not be retained as significant governance issues.

Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the council's governance framework, by the Annual Governance Statement Officer Group.

This statement will now be considered by the Audit Committee, who will be asked to advise that it is an accurate reflection of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the council to ensure effective internal control is maintained.

Signed  Councillor James Dawson
Leader of the Council

Dated: 11/12/2024

Signed  Jeremy Jaroszek
Chief Executive

Dated: 11th Dec. 2024