

Annual Governance Statement 2023/24

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 2024 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:

Political make-up of the Council

As of 1st April 2023 the political composition of the Council's Groups was: Conservative 26, Labour 15, Liberal Democrat 1 and 5 Independent's. Following the May 2023 election the political composition changed to: Labour 28, Conservative 16, Green 1, Independent 1 and Liberal Democrat 1.

From May 2023 Councillor James Dawson was the Leader of the Council. The Council Executive comprises 6 Members with differing portfolios and a Shadow Executive led by the Opposition Leader Councillor Wayne Major. More details can be found on the following link:

[About The Council \(erewash.gov.uk\)](http://erewash.gov.uk)

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 relevant 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 groups are in line with the responsibilities conferred on officers by the Constitution.

Corporate Strategy

- For 2023/24 the Corporate Plan 2018-2023 continued to define the council's approach to serving its residents and working in the public interest. The plan set out the council's priorities, defined the goals to be achieved and guided delivery of council services.
- Following the election of a new administration in May 2023, a new Corporate Strategy setting out the priorities for the next four years has been approved by the Council Executive in April 2024 and will now be approved at Full Council in June 2024. The new Corporate Plan includes a delivery plan covering key actions against priorities and progress against delivery will be reported quarterly. The Corporate Strategy can be found on the link: [Corporate Strategy 2024-2028 FINAL 16.04.24](#)

Council Constitution and Governance

- The Constitution 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 at Annual Council each year; and
- member and officer codes of conduct and a member employee protocol governing how the two work together.
- Other arrangements include:
 - 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.
 - Publication of 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.

Financial arrangements

- Financial Procedure Rules exists covering all financial matters. These rules are being reviewed and updated in 24/25.
- 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 Budget Strategy is produced and agreed in advance of budget setting.
- A medium-term Financial Forecast which informs both service planning and budget setting is produced for budget setting and updated as required throughout the year.
- Monthly budget monitoring processes takes place with quarterly reports to members presented to the Executive and Scrutiny on the council's financial position.
- Treasury management activities which are compliant with the professional codes and subject to robust scrutiny.
- Contract Procedure Rules exists covering the council's procurement framework and approach. These rules are being reviewed and updated in 24/25.

Internal Audit

- An Internal Audit function 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.
- The Internal Audit Manager reports functionally to the Audit Committee which approves the internal audit plan and receives reports throughout the year on audit outcomes, anti-fraud activity and opinion on the internal control framework.

- Delivery of the internal audit plan is supported by third-party auditing partners.
- The Internal Audit manager is independent from operational management and has direct access to the Chair of the Audit Committee.

Performance Management

- A Performance Management Framework exists which is 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.
- A new performance framework will be put in place for 24/25 in line with the new Corporate Plan.

Consultation and engagement

- Principles of consultation activity 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 are arranged through contact with relevant community organisations, in particular to target those groups considered to be 'difficult to engage'.
- Key consultations undertaken in the year include:
 - Proposal to designate a nature reserve at the former Pewit golf course,
 - Proposal to extend existing Public Space Protection Order for further three years,
 - Review of the Council's hackney carriage and private hire vehicle policies,
 - Public consultation to support the Polling Station review,
 - Member survey as part of the Council's review of its Constitution,
 - Public consultation to provide findings to support 2024/25 budget setting process.

Governance policies and procedures

- A counter fraud framework incorporating an Anti-Fraud, Theft and Corruption Strategy and Anti-Money Laundering Policy.
- A Confidential Reporting Policy for receiving allegations of fraud or misconduct, which has recently been reviewed and updated and will go to Council for approval in June.
- 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 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.
- A strategic risk register which is included in the Corporate Performance report that is taken to the Executive quarterly. The strategic risk register has been reformatted in the year to give a clearer view of actions being taken.
- 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.
- A protocol is in place for the Joint Consultation meetings to be held between the council and appropriate unions each quarter.

Partners

- The Council is focused on delivering high quality outcomes at low cost and works in partnership with a mix of Local Government and Public Sector partners to help achieve this. The Council has a wide range of partners covering a wide range of service areas. Some examples are given below.

Service area	Partners
Anti-social behaviour	Derbyshire Police
Building Control Services	Ashfield District Council, Broxtowe Borough Council, Mansfield District Council
Crematorium services	Broxtowe Borough Council
Emergency Planning	Derbyshire County Council
Internal Audit	Local Government Shared Service
Safeguarding	Derbyshire County Council
Waste Recycling	Derbyshire County Council

Projects

During 2023/24 the Council continues to deliver work on 3 significant projects:

- **Long Eaton Town Deal**

£25m of investment was secured from The Department for Levelling Up, Housing and Communities for various improvements to Long Eaton and the surrounding area. A separate Town Deal Board exists consisting of members from both the Council and external agencies operates as part of 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. Formal reporting is required with a statement of grant usage on a six-monthly basis which is signed off by the S151 Officer/Director of Resources. [Town Board \(longeatontowndeal.org\)](https://www.longeatontowndeal.org)

- **Shared Prosperity Fund (SPF)**

The Council successfully bid for £2.8m share of the Government's Shared Prosperity Fund in early 2023. This fund is invested into community and business projects. Governance of the SPF is managed through internal democratic and accountability mechanisms, with the project, strategy and financing subject to approval by the Council Executive. Overall programme management is administered by the Economic Development Officer who prepares a monthly report with updates from each Project Manager, and this informs a monthly meeting chaired by the Director of Environmental and Community Services. Both reports and meetings enable oversight of the program spend and output and outcome targets; it is also a forum for decision-making when needed, and risk management. Formal reporting to Government takes place every six months which is signed off by the S151 Officer/Director of Resources before submission.

- **Core Strategy**

In accordance with Regulation 22 of The Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended), Erewash Borough Council had submitted its Core Strategy Review document to the Planning Inspectorate (PINS) for independent examination on Wednesday 30th November 2022.

At the time of the local elections in May 2023, the independent examination had not started. The new Labour administration took time to review the Core Strategy and were preparing to ask Council in November 2023 whether it wishes to withdraw the Core Strategy. The Council then received a letter from the Secretary of State indicating that he would intervene if he considered that withdrawing the plan from examination would be a clear failure by the Council of the statutory test set out in section 27(1) of the 2004 Act unless there were exceptional circumstances. This Act requires that each local planning authority must identify the strategic priorities for the development and use of land in the authority's area, and policies to address those priorities must be set out in the local planning authority's development plan documents, such as their local plan.

The Council set out the reasons behind its rationale, but the Minister did not consider the circumstances to be exceptional and the Council did not withdraw the Core Strategy.

The Planning Inspector then asked the Council to undertake further Regulation 19 consultation which has now been completed meaning that the examination hearings will take place in June 2024.

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 2023/24. 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.

The Internal Audit function performed 17 internal audit reviews in 2023/24 and this opinion is based on the findings of that work which was reported to Audit Committee during the year. 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. Implementation of these improvements is tracked monthly by Internal Audit.

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 2023/24 with a key priority of delivering to budget in the face significant inflation risks and minimising its use of reserves (budget at £1.4m).

Further information and detail was presented to the Council Executive in the General Fund Revenue Outturn, Capital Outturn 2023/24 report in July 2024 and details can also be found in the Narrative report to the Statement of Accounts.

In December 2023 Council approved the Budget Strategy (including Reserves Policy) which set out how the council would aim to set a balanced budget over the medium term without the use of General Fund reserves.

The Council set a revenue budget for 2024/25 which for the first time in many years did not rely on the use of any General Fund or earmarked reserves, this was despite facing budget pressures of £2.254m and a salary contingency of £0.845m. The council balanced the budget by identifying expenditure savings of £1.522m, income generation initiatives of £0.876m, with the remainder coming from increased funding. The outlook for 2025/26 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£0.7m.

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 2023/24, 4 of the council's performance indicators were above target, 4 were classed as a 'near miss', so marginally below target and 12 were above 10% below target. 8 of this 12 relate to residents' views of the council, asked in our resident Tracker Survey. These have been in place for a number of years; each ask an online resident panel for a satisfaction rating (1-5) with various services throughout the council. Historically, they have always been mostly green or amber, but we saw a shift last year, with many members indicating a score of 3 ("Neither satisfied nor dissatisfied"), as opposed to many suddenly expressing dissatisfaction. An analysis of performance in 2023/24 was reported to the Council Executive in July ([Performance Indicator Report](#)).

Local Government Association Peer Challenge Review

In November 2023 the Council had a Corporate Peer Challenge review hosted by the Local Government Association. Feedback was received to which the council has responded. Copies of the report and the Council's response can be found here: ([Public Pack](#))[Agenda Document for Council Executive, 27/02/2024 16:00 \(erewash.gov.uk\)](#)

Fraud

The council is committed to identifying fraud and employs a full-time fraud investigator. The local authority continues to participate in the National Fraud Initiative (NFI) programme as well as responding to both local intelligence and referrals from the public. The results of the activity in 23/24 are as follows:

Total investigations undertaken: 828

- 123 miscellaneous cases
- 593 Council Tax Exemptions
- 112 NFI matches

Number and value of resultant fraud or error changes identified

- 123 miscellaneous cases = £61,463
- 195 Council Tax Exemptions = £92,585
- NFI 20 = £7,547

Proactive work is also undertaken by the Fraud Investigator with the Department for Works and Pensions and the Council Tax service. In particular work has focused on identifying fraud and error in respect of Council Tax and Non-Domestic Rates discounts and exemptions. The latter of which has resulted in £93k of financial savings.

Information Governance

There were 1,403 Freedom of Information Act (FOI) and Environmental Information Regulations (EIR) requests received in 2023/24, up by 13% on 2022/23 (1,241 requests). 97% of requests were responded to within the 20-day time limit and 1 FOI request required an internal review.

During 2023/24, 1 requester submitted a complaint to the Information Commissioner's Office (ICO) regarding our handling of an FOI request. At the time of reporting, it is still awaiting a decision.

9 Personal Data Breaches were reported to Law and Governance in 2023/24, up from 8 in the previous year. All were investigated, and 8 were adjudged to be a confirmed breach. One of them was considered to be of sufficient risk to be referred to the ICO. The ICO investigated, accepted the Council's mitigation and subsequent measures, and decided no further action was necessary.

The council also received;

- 16 Subject Access Requests in 2023/24, up from 10 in the previous year.
- 6 Internal CCTV requests (requests for footage from cameras on council property) up from 2 in 2022/23.
- 40 External CCTV requests (requests for footage from street and public space cameras) up from 30 in 2022/23.
- 67 Data Protection Requests (requests for personal data from other authorities, the police, government departments etc.) compared to 59 in 2022/23.

Regulation of Investigatory Powers Act 2000 (RIPA)

The policy has in place a RIPA policy which has recently been reviewed and amendments made relating to legislative updates, updates to Home Office Codes of Practice and job titles of council authorised officers. This was approved at Council Executive meeting in April 2024. None of the RIPA powers have been required to be used in 2023/24.

Information Technology Healthcheck

We previously conducted an ICT Healthcheck in 2022 and a new one has been arranged for April 2024 by an independent specialist.

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 and post payment. Those grant funded schemes include:

- Household Support Fund
- Energy Bills Support Scheme
- Council Tax Support Scheme
- Storm Babet
- Shared Prosperity Fund

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, were considered appropriate and are underpinned by an approved local assurance framework.

External Audit

Local audit is both a vital and independent source of assurance and a key element of the checks and balances within the local accountability framework. The Council has prepared and published its statement of accounts for 2021/2022 and 2022/2023 by the statutory deadline. The external auditor, Ernst & Young LLP, has not completed the audit of the accounts for 2021/2022 and has not begun the accounts audit for 2022/2023. This position is not uncommon across England where a significant number of local audits are outstanding. The resourcing issues faced by audit firms has been a major factor in causing delays to the audit. The Council itself has met every request for information and evidence to support the completion of the audit. The auditors now have until 30 September 2024 to complete any outstanding work. If work is not completed by this date then auditors will produce a disclaimer stating what work has been completed.

5. Significant governance issues

There were no significant governance issues reported in 2023/2024.

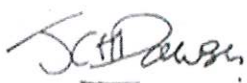
6. Certification

As Leader and Chief Executive, we have been advised on the results of the review of effectiveness of the council's governance framework by the Internal Audit Manager.

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:

16th October 2024

Signed



Jeremy Jaroszek

Chief Executive

Dated:

16th October 2024

