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EREWASH



Annual Governance Statement 2019-20

ANNUAL GOVERNANCE STATEMENT – 2019/20

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 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 2020 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:

- 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.
- Participation in the Derby and Derbyshire Joint Committee for Economic Prosperity, a committee of Derbyshire authorities established to promote the wellbeing of the sub-region.
- The Derbyshire Strategic Leaders' Forum; a meeting of the leaders of Derbyshire authorities to discuss matters of mutual interest and collaborative ventures.
- Membership of the Derbyshire and Nottinghamshire Leaders' meeting which considers matters of shared strategic importance particularly in relation to economic development.
- Service level agreements, outlining performance and governance requirements, which are put in place for those organisations which the council partners and supports financially.
- 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 approved 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.
- Registers of Interests and declarations of Gifts and Hospitality accepted.
- 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.
- 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.
- 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.
- 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. Other community engagement activities such as street interviews, 'drop in' events and public meetings are also used in particular to target those groups considered to be 'difficult to engage'.
- A Corporate Equality Policy which includes specific objectives and forms the framework for the wider equality and diversity arrangements.

- 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 “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 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.
- The 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.
- 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.

The governance arrangements in general, accord with good practice and the financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. Action continues to be taken to address issues identified within the system of internal control, with Internal Audit able to give a satisfactory level of

assurance on the adequacy and effectiveness of the framework of governance, risk management and control operating within the council during 2019/20.

Actions to address those governance issues identified on the 2018/19 Annual Governance Statement have proceeded throughout the year and progress made can be summarised as follows:

Corporate roll out of enhanced digital services (IEG4) and review of legacy systems

The need to deliver efficiencies through new ways of working and in particular the further development of the council's digital portal was recognised in the 2018/19 statement as a key governance issue that would be ongoing. Significant progress has been made during 2019/20 with over 21,000 people now having signed up for a 'My Erewash' account, giving them 24/7 access to council services including Council Tax and Housing Benefit. This has clearly been beneficial in helping to maintain service provision across key areas during the Covid-19 lockdown and the digital portal was used successfully by the council to help deliver the business grant schemes introduced by the government to support the economy during the pandemic. The wider corporate rollout of the project has also continued and account holders are able to submit and track the progress of a variety of forms and applications. Notwithstanding this, significant challenges still remain in the further roll out of the front office software package, re-engineering existing corporate processes, to successfully migrate them to the digital portal, and encouraging customer involvement.

The introduction and development of new ways of working was intrinsically linked with the review and replacement of various legacy systems across the council and the upgrade of the council's general ICT infrastructure. This work is also continuing and some key projects are now well underway such as the implementation of a new Financial Management system which is currently being tested and is on target for implementation before the end of the financial year. Other key ICT projects scheduled during 2020/21 include the replacement of the Human Resources /Payroll system, the telephony system and a new BACS software solution. It is important that internal controls are maintained as these systems are implemented and therefore this item will remain on the Annual Governance Statement.

Updating of the financial and procurement policy framework

The planned revision of a number of key policy documents has been deferred. Procurement policies and strategies had been reviewed during 2018/19 and were reviewed again in 2019/20. It was agreed initially to defer issuance of the new documents pending the return of the procurement service to in-house provision and the completion of the outsourcing of leisure management. With the continuing uncertainty surrounding the United Kingdom's withdrawal from the European Union, and in particular its impact upon future procurement arrangements and supplier networks, it was decided to further delay the new strategy until some clarification could be provided. The subsequent impact of the coronavirus pandemic has added to

the uncertainty in these areas and compounded the delay. The existing strategy and procurement rules supplemented with revised instructions to officers as necessary, remain fit for purpose and it is anticipated that new policy documents will be considered by members before the end of the calendar year.

Similarly, whilst a review of Financial Regulations has indicated that the existing regulations are still fit for purpose, and only minor amendments are required, it is considered appropriate that the document be considered by members alongside the revised Procurement Strategy and Contract Procedure Rules, given the synergies between the two.

Counter fraud arrangements

Key elements of the council's counter fraud arrangements are routinely undertaken including the annual review of the key policy documents and resources are deployed to undertake both proactive and reactive investigative work. The pandemic has also contributed to the delay with the relevant staff being reassigned temporarily to help deliver other key services. Some specific actions included in the previous governance statement have not been progressed notably the development of a web based training module. This was primarily due to the introduction of the new e-learning system and the need for staff to learn new skills to facilitate this work. A target has now been set within the annual service plan to ensure all mandatory e-learning modules are updated and published before March 2021. In the interim action has been taken to raise fraud awareness through the siting of posters on notice boards across council buildings, although the effectiveness of this has been somewhat reduced by the increasing numbers of staff homeworking due to the coronavirus pandemic. To mitigate this staff and members are to receive a whistleblowing/fraud awareness leaflet alongside the privacy notice to be distributed to all staff notifying them of the use of their own data in the biennial National Fraud Initiative data matching exercise. The action to update the fraud awareness e-learning module will remain on the 2020/21 Annual Governance Statement action plan.

The review of the effectiveness of the council's governance arrangements highlighted that the council's existing Corporate Plan period has expired and that a new plan needs to be finalised. The existing plan is still used to drive the annual service planning process, and many of the objectives and priorities remain valid. A new draft plan has been produced which maintains the existing priorities and the new Corporate Plan will be finalised and approved in 2020/21.

Coronavirus pandemic

As the Annual Governance Statement assesses the governance arrangements in place during 2019/20 and up to the date of approval of the statement, it is essential that it also reflects the impact that the coronavirus pandemic has had upon these arrangements. Over the majority of 2019/20 there was little impact from the pandemic, however from mid-March onwards the council has had to adapt and invoke business continuity arrangements to ensure that key services could continue to be provided. Although there was

initial service disruption and some discretionary services ceased e.g. leisure, in line with Government guidance, the council has maintained a consistent level of key essential services to the public. This is in addition to successfully delivering new services in line with Government priorities, including the administration of the various business grants schemes, the delivery of food parcels to the vulnerable and the “everyone in” campaign to provide emergency shelter for rough sleepers.

With regard to the governance implications, the pandemic has provided some additional assurance over the council’s resilience, governance and decision making arrangements as the council has been able to maintain and deliver services in this challenging environment adapting its methods of working and decision making as necessary. In particular, the council successfully managed the increase in home working and held meetings as required. Decisions continue to be taken using existing governance arrangements and delegations although during the full lockdown period there was enhanced use of the latter powers following liaison with the political leadership of the council. This process was supplemented by some increased cross party working. New powers were adopted to enable the delivery of virtual council and committee meetings. The impact of the pandemic is likely to continue to affect governance arrangements and changes to working practices are continually assessed to ensure appropriate controls exist and mitigations are in place.

It is also apparent that the pandemic has had, and will continue to have, a major impact upon the council’s resources and its financial sustainability. The report of the Chief Executive and the Director of Resources to Extraordinary Council on August 27, 2020 sets out how the council has responded to these pressures to date and the potential impact on the council’s finances going forward This will remain a key governance issue as the continuing impact is assessed and mitigations are put in place.

6. Significant governance issues

The council continues to face a number of challenges the most significant being the need to be able to respond to a variety of evolving financial pressures, exacerbated by the coronavirus pandemic, and ensure that essential services are maintained and the council finances are sustainable in the medium to long term.

This will result in the need to secure significant and continuing savings in revenue expenditure and/or generate additional income. Decisions will need to be made in identifying priorities and the refresh of the corporate plan will assist this process. The need to reduce expenditure is also likely to result in new ways of working and operational changes to service delivery. The corporate roll out of IEG4, the council’s front office software package, will continue to be a key element in this transformation. Changes will also be required as legacy systems continue to be replaced and other initiatives, such as further joint working are

embraced, for example the expansion of the council’s building control service to cover other authorities. These changes to the council’s existing operations will need to be undertaken while ensuring that strong internal control and governance is maintained.

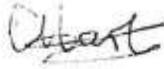
Whilst recognising the strategic implications of these issues the review of the effectiveness of the council’s governance arrangements undertaken by the Annual Governance Statement Officer Group also confirmed that some issues highlighted in the 2018/19 Annual Governance Statement should be retained.

The proposed actions and timescales for delivering the governance work required are included in the following table:

No.	Governance/Control Issue	Proposed Action	Responsible Officer/ Date for Completion
1	New Corporate Plan to be finalised.	New Corporate Plan adopted by Council.	Director of Community Services / CMT December 2020
2	The need to be able to respond a variety of evolving financial pressures, exacerbated by the coronavirus pandemic, and ensure that the council finances are sustainable.	Keep under ongoing review the Medium Term Financial Forecast to confirm that sufficient reserves are held and that the council can demonstrate sustainability.	Director of Resources Continuing in 2020/21 and future years.
3	Continued roll out of enhanced digital services (IEG4) and the review of legacy systems.	Review systems of internal control and other procedures as appropriate.	Director of Resources/Director of Community Services Continuing in 2020/21 and future years.
4	Update Financial Regulations, Procurement Strategy and Contract Procedure Rules.	Update documents to reflect changes to service provision and current structures	Director of Resources 31 December 2020
5	Improvements to the council’s counter fraud arrangements.	Inclusion of a mandatory training module on the council’s e-learning system.	Director of Resources 31 March 2021

The council propose over the coming year to take steps to address the matters listed above to further enhance governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and we will monitor their implementation as part of our next annual review.

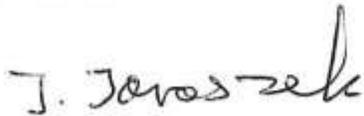
Signed



Councillor Carol Hart
Leader of the Council

Dated: 26 November 2020

Signed



Jeremy Jaroszek
Chief Executive

Dated: 26 November 2020