

Annual Governance Statement 2021/22

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 2022 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.
- 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 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.
- 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.
- Engagement activities arranged through contact with relevant community organisations, 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 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.
- 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.
- An approved local assurance framework setting out the 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.

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 2021/22.

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, now supported by detailed "Governance and Terms of Reference" documentation covering the delivery phase, were appropriate and are underpinned by an approved local assurance framework.

The review established that actions to address those governance issues identified on the 2020/21 Annual Governance Statement have proceeded throughout the year and progress made can be summarised as follows:

Response to evolving financial pressures, exacerbated by the coronavirus pandemic, to ensure that the council finances are sustainable.

In common with all local authorities the pandemic has, and will continue to have, an impact upon the council's resources both in terms of increased expenditure and lost income. However, the financial impact of the virus on the council's finances has been mitigated through a number of government initiatives and grant schemes commencing in the 2020/21 financial year and which continued throughout 2021/22.

The council's relatively strong reserve position allied to the grant support received has also enabled the council, in the short term, to absorb some of the financial impact of the pandemic and help alleviate the financial pressures on the council's budgets. Nevertheless the longer term financial effects of the pandemic remain unknown and, coupled with the uncertainty compounded by other factors such as the impact and timing of the Fair Funding Review for local government and the potential implementation of the 100% localisation of business rates, mean that this will remain as a significant governance issue.

A key element in the council's response will be to keep under review the Medium Term Financial Forecast to confirm that sufficient reserves are held and that the authority can demonstrate sustainability.

Roll out of enhanced digital services (IEG4) and the review of legacy systems

The review and replacement of legacy systems has continued throughout alongside the ongoing upgrade to the council's general ICT infrastructure. The successful implementation of a number of key systems has been undertaken during 2021/22, including new financial management and payroll

systems. Nevertheless there continues to be significant challenges in delivering the planned efficiencies through the further development of the council's digital portal. Whilst there has been success in moving large numbers of the council's stakeholders onto the digital platform, which has also facilitated effective administration and delivery of a variety of government grant schemes, insufficient resources has meant that plans to support additional phases of the project have stalled. Consequently there is a risk that the council may not obtain cost saving benefits from digitalisation. Reappraisal of the project alongside the development of some key performance indicators, to provide additional corporate oversight of information, is now required.

Update of Financial Regulations, Procurement Strategy and Contract Procedure Rules

The planned update of a number of key policy documents has again been deferred as a result of the pandemic and is now exacerbated by successor financial pressures, in particular in delivering key elements of the government's support programme such as covid business grants and energy rebate grants. While the suite of procedures in place is still considered to be adequate it is acknowledged that they would benefit from a review to reflect more appropriately the council's current structures and local priorities in addition to national guidance. The Procurement Strategy and Contract Procedure Rules will need to reflect both the council's decision to move to a wholly in-house provision and also the national guidance outlining strategic priorities for public procurement including enhanced emphasis on social and economic value. An initial review of Financial Regulations indicated that the document is adequate and that only minor amendments will be required. However given the synergies between the Financial Regulations and the Contract Procedure Rules, two key elements of the council's Constitution, it is preferred that members are able to consider both documents together. It is anticipated that new policy documents will be considered and approved by members before the end of the 2022/3 calendar year.

Improvements to the council's counter fraud arrangements

Prioritisation of the pre and post assurance work required on the various government, particularly covid related, grant schemes has continued to take up a significant amount of the council's available counter fraud resources and there is little capacity to improve staff awareness and develop specific training to promote an anti-fraud culture. Planned development of a staff fraud awareness package for the new e-learning system remains to be delivered. In addition changes to key officers across the authority now mean that the council's whistleblowing arrangements would benefit from a refresh. Following a policy review some guidance will be issued to employees to raise awareness.

In addition to those challenges related to or carried forward from the 2020/21 review, the latest review identified a further governance issue requiring action:

Closed Circuit Television (CCTV)

A review of the council's CCTV Surveillance Policy, to identify any areas of non-compliance, is now overdue and requires a plan to be drawn up detailing the actions required to achieve compliance along with appropriate target dates. It is also recognised that a memorandum of understanding is required from any authorised bodies who are able to access footage.

Coronavirus Pandemic

The Annual Governance Statement assesses the governance arrangements in place during 2021/22 and up to the date of approval of the statement. It is appropriate therefore, that the review should again reflect the impact that the coronavirus pandemic has had upon these arrangements. Whilst as in the previous year there has been some service disruption the council has maintained a consistent level of key essential services to the public whilst continuing to develop and adapt to new ways of

working. The move towards the use of digital technology as a preferred option for the provision of services and maintaining contact with stakeholders has continued. In addition there has been significant investment in ICT, facilitating home working as an option, whilst implementing changes to security requirements to mitigate external threats and maintain integrity of the infrastructure.

With regard to the governance implications, the pandemic has provided additional assurance over the council's resilience, governance and decision making arrangements. The council has demonstrated an ability to maintain and deliver services in a challenging environment adapting its methods of working and decision making as necessary.

5. 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 and ensure that essential services are maintained and that the council's finances are sustainable in the medium to long term. These challenges are detailed in the review work in Section 4.

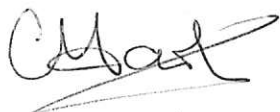
The review of the effectiveness of the council's governance arrangements undertaken by the Annual Governance Statement Officer Group established that a number of the issues highlighted in the 2020/21 Annual Governance Statement should be retained as significant governance issues. These and the additional governance issue identified are detailed in the following table along with actions and timescales for delivering the governance work required:

No.	Governance/Control Issue	Proposed Action	Responsible Officer/ Date for Completion
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 to confirm that sufficient reserves are held and that the council can demonstrate sustainability.	Director of Resources Continuing in 2022/23 and future years.
2	Roll out of enhanced digital services (IEG4).	Strengthen corporate ownership of IEG4, re-establish working group and develop revised priorities.	Director of Resources / Director of Environmental and Community Services Continuing in 2022 /23 and future years.
3	Update Financial Regulations, Procurement Strategy and Contract Procedure Rules.	Update documents to reflect changes to service provision and current structures	Director of Resources 31 March 2023
4	Improvements to the council's counter fraud arrangements.	Raise staff awareness of council's counter fraud and whistleblowing policies and key contacts.	Director of Resources 31 December 2022

No.	Governance/Control Issue	Proposed Action	Responsible Officer/ Date for Completion
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.	Performance and Information Security Officer / Neighbourhood Warden Manager / Community Safety Officer. 30 April 2023

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:

29/9/22.

Signed



Jeremy Jaroszek

Chief Executive

Dated:

28th Sept. 2022

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