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1 June 2016

To: All Councillors

As a Member or Substitute of the **Governance and Resources Committee**, please treat this as your summons to attend the meeting on **Thursday 9 June 2016 at 6.00pm in the Council Chamber, Town Hall, Matlock.**

Yours sincerely

A handwritten signature in black ink, appearing to read "Sandra Lamb". The signature is fluid and cursive, with a large loop at the end.

Sandra Lamb
Head of Corporate Services

AGENDA

1. APOLOGIES/SUBSTITUTES

Please advise Democratic Services on 01629 761133 or e-mail committee@derbyshiredales.gov.uk of any apologies for absence and substitute arrangements.

2. APPROVAL OF MINUTES OF PREVIOUS MEETING

24 March 2016

3. PUBLIC PARTICIPATION

To enable members of the public to ask questions, express views or present petitions, **IF NOTICE HAS BEEN GIVEN**, (by telephone, in writing or by electronic mail) **BY NO LATER THAN 12 NOON OF THE WORKING DAY PRECEDING THE MEETING.**

4. INTERESTS

Members are required to declare the existence and nature of any interests they may have in subsequent agenda items in accordance with the District Council's Code of Conduct. Those interests are matters that relate to money or that which can be valued in money, affecting the Member her/his partner, extended family and close friends.

Interests that become apparent at a later stage in the proceedings may be declared at that time.

5. QUESTIONS PURSUANT TO RULE OF PROCEDURE NUMBER 15	
To answer questions from Members who have given the appropriate notice.	
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6. ARC LEISURE MATLOCK – REPAIRS TO TEACHING POOL	4 - 6
To consider a report outlining the problems experienced at the Arc Teaching Pool and to note the actions taken to arrange the necessary repairs.	
7. INTERNAL AUDIT REPORTS CONCLUDED TO DATE UNDER THE 2015/2016 OPERATIONAL AUDIT PLAN	7 - 11
To consider the Internal Audit Reports produced in respect of the 2015/2016 Internal Audit Plan.	
8. INTERNAL AUDIT ANNUAL REPORT 2015/2016	12 - 22
To note the Internal Audit Annual Report for 2015/16.	
9. INTERNAL AUDIT CHARTER	23 - 33
To consider the results of a review of the Internal Audit Charter and approval of the updated Charter. Also that the Internal Audit Charter be reviewed in 2 years' time or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.	
10. CHANGES TO CAPITAL PROGRAMME 2016-2017	34 - 36
To consider a report outlining the additional capital funding required for inclusion in the revised Capital Programme proposals for 2016/17 to 2019/20 which will be considered at the next full Council meeting on 30 June 2016.	
11. LAND HOLDINGS REVIEW – LAND OFF ST. JOHN'S STREET, ASHBOURNE	37 - 40
To consider whether the subject site should be retained or sold and the terms which would apply.	
12. LAND AND PROPERTY DISPOSALS – LAND OFF KING EDWARD STREET, ASHBOURNE	41 - 45
To consider an amended offer from Sainsbury's Supermarkets Limited which has arisen due to a legal issue requiring a change to the access arrangements and a corresponding reduction of the number of car parking spaces on the site. Also to note that the disposal comprises an undervalue transaction permitted under the General Disposal Consent 2003.	
13. ANNUAL GOVERNANCE STATEMENT	46 - 62
To consider approval of the Annual Governance Statement for 2015/16, which is consistent with the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government", and meets the requirements of the Accounts and Audit Regulations 2015.	

14. ELECTRONIC DOCUMENT MANAGEMENT SYSTEM

63 - 79

To consider the recommendation to adopt the Northgate Information@Work system as the corporate Electronic Document Management System and the request to waive the requirement for competitive tendering in conformance with the Contract Standing Orders. Also, to consider updating the Capital Programme by an additional £95,000 on the basis of the business case outlined in the report.

15. DATA PROTECTION HEALTH CHECK

To approve the appointment of a Consultant to carry out a data protection health check.

REPORT TO FOLLOW

Members of the Committee - Councillors Deborah Botham, Albert Catt, Steve Flitter, Chris Furness (Vice Chair), Alyson Hill, Susan Hobson, Neil Horton, Angus Jenkins, Tony Millward BEM, Jean Monks, Garry Purdy, Irene Ratcliffe, Lewis Rose, Mark Salt, Jacquie Stevens (Chairman), Colin Swindell, John Tibenham

Substitutes – Councillors Jason Atkin, Richard Bright, Jennifer Bower, Sue Bull, Sue Burfoot, David Chapman, Phil Chell, Tom Donnelly, Ann Elliott, Helen Froggatt, Richard FitzHerbert, Vicky Massey, Joyce Pawley, Mike Ratcliffe, Philippa Tilbrook, Jo Wild

GOVERNANCE AND RESOURCES COMMITTEE
09 JUNE 2016

Report of the Head of Resources

ARC LEISURE MATLOCK – REPAIRS TO TEACHING POOL

PURPOSE OF REPORT

This report outlines the problems experienced at the Arc Teaching Pool and the actions taken to arrange the necessary repairs.

RECOMMENDATIONS

That the actions taken in investigating the defective floor tiling and in placing an order with Plunkett Tiling Ltd in the sum of £10,600 + VAT to retile the Teaching Pool Floor to be funded from the revenue budget are noted.

WARDS AFFECTED

Matlock All Saints

STRATEGIC LINK

The effective maintenance of the Council's property assets contributes to the aim of ensuring value for money and the aim of providing excellent services as expressed in the Corporate Plan.

1 REPORT

1.1 BACKGROUND AND INTRODUCTION

Following the failure of a number of areas of floor tiles in the Arc Learner Pool over the weekend of the 12th/13th March 2016, investigative works took place on the following day to remove all loose tiles. A structural engineer then inspected the pool shell and found no signs of structural movement.

Derbyshire County Council building surveyors then met with various companies and consultants in order to ascertain the action required. Following initial inspections dampness was evident in some areas of the screed beneath the tiles and core samples were taken. Subsequently, an inspection took place by Ardex UK Ltd, the manufacturer of the grouts and adhesives used.

1.2 CURRENT SITUATION

Following the recommendations from Ardex, a specification was prepared by Derbyshire County Council and sent out for quotation with a return date of 09 May 2016.

2 quotations were received and the quotation from Plunketts Tiling in the sum of £10,613.26 + VAT has been accepted.

Initial indications are that the tiles are on approximately 3 week lead-in so they should be available for delivery in the week commencing 30th May, allowing works to commence on Wednesday 1st June with expected completion by Friday 10th June. There would then need to be a 3 week period before the pool can be refilled, suggesting a target opening date of Monday 4th July.

The cost of the re-tiling works together with associated works and professional fees is expected to be no more than £12,000.

1.3 POSSIBLE CAUSES

The investigations which have taken place so far by a structural engineer, the original main contractor, tiling contractor, adhesive/grout manufacturer and building surveyors have failed to find any obvious cause for the failure of the tiles.

We are informed that failure of an area of tiles such as this could be caused by a number of factors including rapid emptying of the pool, major temperature changes in the pool hall and shrinkage/expansion of the pool shell post tiling. Whilst no evidence of any of these possible causes has been found, investigations are continuing.

As a result of this, it was decided to proceed with the repair so as not to unnecessarily delay the reopening of the pool whilst keeping a full record of the actions taken. Samples of the floor screed, adhesive and grout have also been taken and have been sent for analysis.

By taking this approach, which has included an inspection of the pool by the original main contractor, evidence has been retained such that an appropriate claim can be made should a latent defect in the construction of the pool be identified. At the time of writing, no latent defects have been identified.

2 RISK ASSESSMENT

2.1 Legal

Officers have undertaken appropriate investigations to ascertain what caused the failure of the tiles and to date those consulted have been unable to find an obvious cause. Investigations are continuing and if there is sufficient evidence to support that there have been contractual failures, appropriate legal action will be taken to seek to recover the costs of repair.

2.2 Financial

As stated in the body of the report, the cost of the re-tiling works together with associated works and professional fees is expected to be no more than £12,000. This sum can be accommodated in the revenue budget, being offset by savings made elsewhere. If a latent defect is detected, it is expected that the costs will be recoverable. The financial risk is assessed as low.

2.3 Corporate

Adoption of a planned effective maintenance programme based on accurate condition survey information will ensure that the District Council's properties remain in good condition and operating efficiently, reducing the risk of disruption to service delivery. An accurately costed programme also allows for informed decisions to be made about the suitability and cost effectiveness of each property.

3 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors is also been considered prevention of crime and disorder, equality of opportunity, environmental health, legal and human rights, financial personal and property considerations.

4 CONTACT INFORMATION

For further information contact:

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5 BACKGROUND PAPERS

None

BACK TO AGENDA

GOVERNANCE AND RESOURCES COMMITTEE
9 JUNE 2016

Report of the Head of Resources

**INTERNAL AUDIT REPORTS CONCLUDED TO DATE UNDER THE 2015/2016
OPERATIONAL AUDIT PLAN**

PURPOSE OF REPORT

This report asks the Committee to consider the internal audit reports produced in respect of the 2015/16 Internal Audit Plan.

RECOMMENDATION

That the Committee note the findings and conclusions of the internal audit reviews.

WARDS AFFECTED

All of the District

STRATEGIC LINK

The internal audit reviews test and report on the effectiveness of internal control systems within service functions. This supports the Council's core values of being open and transparent when making decisions and using public resources ethically and responsibly.

BACKGROUND

- 1.1 The 2015/16 Operational Audit Plan was approved by Corporate Committee on 19 March 2015. It provides a framework by which service functions are reviewed to test and report on the adequacy and effectiveness of risk management systems and the internal control environment within the Council. This supports the Annual Governance Statement by contributing to the economic, efficient and effective use of resources.
- 1.2 The Public Sector Internal Audit Standards require that Members are updated on a regular basis in respect of the work undertaken by internal audit.

REPORT

- 2.1 Attached, as Appendix 1, is a summary of reports issued covering the period 27th February to the 6th May 2016, for audits included in the 2015/16 Internal Audit Plan.
- 2.2 Reports are issued as Drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.
- 2.3 The Appendix shows for each report a summary of the Overall Audit Opinion of the audit and the number of recommendations made / agreed where a full response has been received. Appendix 1 also shows the number of recommendations, analysed between High, Medium and Low priority.

2.4 The overall opinion column of Appendix 1 gives an overall assessment of the reliability of the internal controls examined in accordance with the classifications shown in the following table:

Control Level	Definition
Good	A few minor recommendations (if any).
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial.
Marginal	A number of areas have been identified for improvement.
Unsatisfactory	Unacceptable risks identified, changes should be made.
Unsound	Major risks identified; fundamental improvements are required.

2.5 6 reports have been issued, 5 with a good opinion and 1 with a satisfactory opinion. 4 recommendations were made all of which have been accepted.

2.6 In respect of the audits being reported, it is confirmed that there are no issues arising that relate to fraud that need to be brought to the Committee's attention.

3. RISK ASSESSMENT

3.1 Legal

There are no legal considerations arising from this report. Each review concludes with an assessment of the relevant risk.

3.2 Financial

There are no financial considerations arising from the report.

3.3 Corporate Risk

The internal audit reviews assess the effectiveness of systems of internal control. Where necessary, the review report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes quarterly reviews of recommendations to ensure that they are acted upon. This reduces risks and contributes to sound corporate governance.

4 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

5 CONTACT INFORMATION

Jenny Williams, Internal Audit Consortium Manager
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6 BACKGROUND PAPERS

None

7 ATTACHMENTS

Appendix 1 - Summary of Internal Audit Reports Issued – 27th February 2016 to 6th May 2016.

BACK TO AGENDA

DERBYSHIRE DALES DISTRICT COUNCIL

Internal Audit Consortium - Report to Governance and Resources Committee

Summary of Internal Audit Reports Issued – 27th February 2015 to 6th May 2016

Report Ref	Report Title	Scope and Objectives	Opinion	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
D026	Building Control	To ensure that the correct fees have been charged and the plans submitted recorded on the register	Good	26/02/2016	18/03/2016	0	0
D027	Planning Fees	To ensure that planning fees are raised correctly and promptly and that income is collected	Satisfactory	26/02/2016	18/03/2016	3M	3
D028	Main Accounting	To ensure that the controls in place are operating	Good	4/03/2016	29/03/2016	1L	1
D029	Cash and Bank	To review and assess cash and banking procedures	Good	4/03/2016	29/03/2016	0	0
D030	Health and Safety	To review and assess Health and Safety controls and procedures	Good	17/03/2016	11/04/2016	0	0

Report Ref	Report Title	Scope and Objectives	Opinion	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
D031	Election Expenses	To ensure that payments in respect of elections are due and accurate	Good	12/04/2016	4/05/2016	0	0

Note 1 Response not due at time of writing report

BACK TO AGENDA

GOVERNANCE AND RESOURCES COMMITTEE
9 JUNE 2016

Report of the Head of Resources

INTERNAL AUDIT ANNUAL REPORT 2015/16

PURPOSE OF REPORT

The purpose of this report is to:

- Present a summary of the internal work undertaken from which the opinion on the internal control environment is derived;
- Provide an opinion on the overall adequacy and effectiveness of the Council's control environment including any qualifications to that opinion;
- Draw attention to any issues that require inclusion in the Annual Governance Statement;
- Compare work actually undertaken with that which was planned and summarise performance;
- Comment on compliance with the Public Sector Internal Audit Standards (PSIAS);
- Review progress against the internal audit improvement plan and to present a new improvement plan;
- Comment on the results of the quality assurance programme;
- Confirm the organisational independence of internal audit;
- Review the performance of the Internal Audit Section against the current Internal Audit Charter.

RECOMMENDATION

That the Internal Audit Annual Report for 2015/16 be noted.

WARDS AFFECTED

All

STRATEGIC LINK

Internal Audit's service aims and objectives are the provision of an independent service, which objectively examines, evaluates and reports to the Council and its management on the adequacy of the control environment. This contributes to the Council's core values of being open and transparent when making decisions and using public resources ethically and responsibly.

1 SUMMARY OF WORK UNDERTAKEN

- 1.1 Appendix 1 details the audit reports issued in respect of audits included in the 2015/16 internal audit plan. The appendix shows for each report the overall opinion on the reliability of the internal controls. The report opinions can be summarised as follows:

Control Level	Number of Reports	Percentage 2015/16	Percentage 2014/15
Good	19	61.3	48.1
Satisfactory	10	32.3	44.5
Marginal	1	3.2	0
Unsatisfactory	1	3.2	7.4
Unsound	0	0	0.0
	31	100.0	100.0

A definition of the above control levels is shown at the end of Appendix 1.

- 1.2 There were no issues relating to fraud arising from the reports detailed in Appendix 1.
- 1.3 The following table summarises the performance indicators for the Internal Audit Section:

Description	2015/16		2016/17
	Plan	Actual	Plan
Percentage Plan Completed	96%	100%(1)	96%
Number of Complaints	0	0	0
Completion of Annual Report	July 2016	May 2016	May 2017
Customer Satisfaction Score	80%	94%	85%
Cost per audit day	£205	£208	£221
Number/proportion of audits completed within time allocation	80%	76% (2)	80%
% Recommendations Implemented	80%	93% (3)	80%

- (1) The partnership working audit was not completed and has been deferred to 2016/17 however an audit of the Council's compliance with the 2015 Transparency Code was undertaken instead.
- (2) This fell just short of the target largely due to some audits taking longer as the audit apprentice is still training.
- (3) Although the target for the implementation of recommendations made in 2015/16 has been exceeded, it should be noted that there are still a number of recommendations outstanding from previous years that are still in the process of being implemented.

2 OPINION ON THE ADEQUACY AND EFFECTIVENESS OF THE CONTROL ENVIRONMENT

- 2.1 In respect of the main financial systems, Appendix 1 shows that internal controls were found to be operating satisfactorily or well, giving an overall confidence in the internal control system operating in relation to these systems.
- 2.2 Overall, 93.6% of the areas audited received a good or satisfactory opinion demonstrating that there are effective systems of governance, risk management and control in place.
- 2.3 There was 1 marginal and 1 unsatisfactory report issued during the year. The marginal report was in respect of recruitment and selection; the main points raised were in relation to the obtaining of two references and ensuring that monitoring forms are returned to Human Resources, all of the recommendations made have been implemented. The unsatisfactory report related to Sports development largely due to poor record keeping and delayed banking; these issues were addressed immediately following the audit.

3 ISSUES FOR INCLUSION IN THE ANNUAL GOVERNANCE STATEMENT

- 3.1 The internal control issues arising from audits completed in the year have been considered by the Head of Resources during the preparation of the Annual Governance Statement. The only area where significant control issues have been identified is in respect of data protection. Although there is an action plan in place in respect of Data Protection a number of actions have not yet been completed so this has been raised as a significant governance issue within the annual governance statement.

4 COMPARISON OF PLANNED WORK TO ACTUAL WORK UNDERTAKEN

- 4.1 The Internal Audit Plan for 2015/16 was approved by the Corporate Committee on the 19th March 2015. A comparison of planned audits with audits completed is shown as Appendix 2. Overall 100% of planned audits were completed during the year although one audit was deferred and a different audit brought forward.

5 COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND OTHER QUALITY ASSURANCE RESULTS

- 5.1 During 2015/16 a self- assessment was undertaken to review compliance with the Public Sector Internal Audit Standards. The results confirmed that there were no significant areas of non-compliance.
- 5.2 Progress against the last improvement plan was reported to this Committee in July 2015. With the exception of the external review of internal audit and ongoing targets, that improvement plan has been completed. Appendix 3 shows the new improvement plan for the internal audit section that will ensure the service continually moves forward and develops.

- 5.3 It can also be confirmed that the internal audit activity is organisationally independent. Internal audit reports directly to the Head of Resources but has a direct and unrestricted access to senior management and Governance and Resources Committee.
- 5.4 Quality control procedures have been established within the internal audit section as follows:
- Individual Audit Reviews – Working papers and reports are all subject to independent review to ensure that the audit tests undertaken are appropriate, evidenced and the correct conclusions drawn. All reports are reviewed to ensure that they are consistent with working papers and in layout. Whilst these reviews can identify issues for clarification, the overall conclusion of the quality assurance checks is that work is being completed and documented thoroughly.
 - Customer Satisfaction – A Customer Satisfaction Survey form is issued with each report. This form seeks the views of the recipient on how the audit was conducted, the report and recommendations made.
 - Client Officer Views – A survey form was issued to the client officer seeking her views on the overall performance of the internal audit section for the year in achieving the objectives set out in the Internal Audit Charter.
 - Both staff on site have copies of the Public Sector Internal Audit Standards.
- 5.5 The above quality procedures have ensured conformance with the PSIAS.
- 5.6 Based on the customer satisfaction surveys returned, the average score was 94 % for customer satisfaction during 2015/16.
- 5.7 The results of the Client Officer survey was a score of 100%.

6 REVIEW OF PERFORMANCE OF THE INTERNAL AUDIT SECTION AGAINST THE CURRENT INTERNAL AUDIT CHARTER

- 6.1 The Audit Charter was last reported to and approved by the Governance and Resources Committee in September 2015 and is also scheduled for approval elsewhere on this meeting's agenda as it has been updated to reflect the April 2016 updates to the Public Sector Internal Audit Standards.
- 6.2 Based on the information provided in this report on the completion of the 2015/16 internal audit plan, it is considered that the requirements of the Charter were met during the year.

7 RISK ASSESSMENT

7.1 Legal

There are no legal considerations arising from this report.

7.2 Financial

There are no financial risks arising from this report.

7.3 Corporate Risk

This report ensures that Members are aware of the work undertaken by internal audit during 2015/16 and internal audit's opinion on the adequacy and effectiveness of the systems in place.

8 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

9 CONTACT INFORMATION

Jenny Williams, Internal Audit Consortium Manager
jenny.williams@Chesterfield.gov.uk

10 BACKGROUND PAPERS

None

11 ATTACHMENTS

Appendix 1 – Internal Audit Reports Issued 2015/16
Appendix 2 – Comparison Planned audits to audits completed
Appendix 3 – Improvement Plan

BACK TO AGENDA

Internal Audit Reports Issued 2015/16

Ref	Report Title	Opinion 2015/16
1	Expenses and Allowances	Good
2	Commercial waste	Good
3	Car Parks	Good
4	Insurance	Good
5	Cemeteries	Good
6	Freedom of Information	Satisfactory
7	Markets	Satisfactory
8	Debtors	Good
9	Payroll	Good
10	Parks and Recreational Grounds	Good
11	Improvement Grants	Good
12	Recruitment and Selection	Marginal
13	Sports Development	Unsatisfactory
14	Agricultural Business Centre – Recharges	Satisfactory
15	Non Domestic Rates	Satisfactory
16	Creditors	Satisfactory
17	Council Tax	Satisfactory
18	Transparency Agenda	Satisfactory
19	Housing Benefits	Satisfactory
20	Budgetary Control	Good
21	Risk Management	Good
22	Treasury Management	Good
23	Illuminations	Satisfactory
24	Ashbourne Leisure Centre	Good
25	Wirksworth Leisure Centre	Good
26	Building Control	Good
27	Planning Fees	Satisfactory
28	Main Accounting	Good
29	Cash and Bank	Good
30	Health and Safety	Good
31	Election Expenses	Good

Internal Audit Report Opinion Definitions

Control Level	Definition
Good	A few minor recommendations (if any).
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial.
Marginal	A number of areas have been identified for improvement.
Unsatisfactory	Unacceptable risks identified, changes should be made.
Unsound	Major risks identified; fundamental improvements are required.

Comparison Planned Audits to Audits Completed 2015/16

Main Financial Systems – Planned Audits	Progress as at 31st March 2016
Main Accounting System	Completed
Budgetary Control	Completed
Payroll	Completed
Creditor Payments	Completed
Debtors	Completed
Treasury Management	Completed
Cash and Banking	Completed
Council Tax	Completed
Non Domestic Rates	Completed
Housing / Council Tax Benefit	Completed

Other Operational Audits – Planned Audits	Progress as at 31st March 2016
ABC – Bakewell	Completed
Ashbourne Leisure Centre	Completed
Car Park Income	Completed
Cemeteries	Completed
Commercial Waste	Completed
Election Expenses	In Progress
Expenses and Allowances	Completed
Illuminations	Completed
Improvement Grants	Completed
Insurance	Completed
Markets	Completed
Parks	Completed
Planning Fees/Building Control	Completed
Wirksworth Leisure Centre	Completed

Fraud and Corruption – Planned Audits	Progress as at 31st March 2016
Recruitment and Selection	Completed
National Fraud Initiative	Completed

Corporate / Cross Cutting Issues – Planned Audits	Progress as at 31st March 2016
Corporate Targets	

Corporate / Cross Cutting Issues – Planned Audits	Progress as at 31st March 2016
Partnership working arrangements	Deferred*
Freedom of Information	Completed
Data Protection	
Follow up previous recommendations	Completed
Risk Management	Completed

Contingency	As required
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Governance and Resources Committee / Client Liaison	Ongoing
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*The partnership working arrangements audit has been deferred to 2016/17 however an audit of compliance with the Transparency Code 2015 was undertaken instead

BACK TO AGENDA

Derbyshire Dales District Council Internal Audit Section Improvement Plan May 2016

Improvement Area	Current Situation	Action Required	Implementation Date / Officer Responsible
PSIAS requires an external assessment of internal audit to be undertaken at least once every 5 years with the first one being due by the end March 2018	Consultation has taken place with the Governance and Resources Committee in relation to the review (April 2016).	<ul style="list-style-type: none"> a) To agree a specification for the review with the project Sponsor (Head of Resources) b) To advertise the contract on source Derbyshire via the Royal Hospital Procurement Service c) To assess quotations and appoint a reviewer d) To facilitate the review e) To present the findings to the Governance and Resources Committee f) To implement the resulting action plan 	<p>Internal Audit Consortium Manager April/May 2016</p> <p>May/June 2016</p> <p>June/July 2016</p> <p>August – Dec 16 December 2016</p> <p>To be agreed when review is completed</p>

Improvement Area	Current Situation	Action Required	Implementation Date / Officer Responsible
<p>The policy states that policies and procedures should be regularly reviewed and updated to reflect changes in working practices and standards</p>	<p>The audit manual is reviewed every year.</p> <p>The Senior Auditors grading was re- evaluated during 2015 due to additional responsibilities</p> <p>Test schedules are reviewed at the start of each audit but there is scope to review more fully in the light of risk, governance and VFM.</p>	<p>Review the audit Charter and Audit Manual in relation to the revised PSIAS that came in to effect from April 2016</p> <p>To review the test schedules for the main financial system to ensure still fully relevant and risk based.</p> <p>To review other test schedules to ensure they still focus on key risk and governance areas.</p> <p>To develop test schedule for Safeguarding</p>	<p>Internal Audit Consortium Manager May 2016</p> <p>Senior Auditor along with Consortium's Senior Auditors March 2017 And ongoing process</p> <p>Internal Audit Consortium Manager/ Senior Auditor Ongoing process</p> <p>Internal Audit Consortium Manager</p>

Improvement Area	Current Situation	Action Required	Implementation Date / Officer Responsible
The standards ask if the internal audit activity has evaluated the potential for fraud and also how the organisation itself manages fraud risk	DDDC has developed a fraud risk register. The Audit Commission's fraud modules are completed whilst undertaking main system reviews Participation in NFI	To review the Council's arrangements against the checklist attached to the Fighting Fraud and Corruption Locally Strategy 2016 – 19 Complete Checklist Formulate an action plan if required Report to Governance and Resources Committee Implement action plan	Internal Audit Consortium Manager/ Head of Resources June/July 2016 June/July 2016 September 2016 July onwards
The Standards state that the internal audit activity should assess and make appropriate recommendations for improving the governance process.	The Internal Audit Consortium Manager reviews the AGS prepared by the Head of Resources. In April 2016 CIPFA have published "Delivering Good Governance in Local Government Framework 2016"	To review CIPFA's 2016/17 Delivering Good Governance publication and review the Council's compliance with this.	Internal Audit Consortium Manager Review summer 2016 liaise with Head of Resources to implement for 2016/17 AGS

BACK TO AGENDA

GOVERNANCE AND RESOURCES COMMITTEE
9 JUNE 2016

Report of the Head of Resources

INTERNAL AUDIT CHARTER

PURPOSE OF REPORT

This report informs Members of the results of a review of the Internal Audit Charter and seeks approval for the updated Charter.

RECOMMENDATIONS

1. That Members note the outcome of the review of the Internal Audit Charter.
2. That the updated Internal Audit Charter be agreed.
3. That the Internal Audit Charter be reviewed in 2 years' time or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.

WARDS AFFECTED

All

STRATEGIC LINK

Internal Audit's service aims and objectives are the provision of an independent service, which objectively examines, evaluates and reports to the Council and its management on the adequacy of the control environment. This contributes to the Council's core values of being open and transparent when making decisions and using public resources ethically and responsibly.

1 BACKGROUND

- 1.1** The Public Sector Internal Audit Standards (PSIAS) which took effect from the 1 April 2013 require that the purpose, authority and responsibility of internal audit must be formally defined in an internal audit charter.
- 1.2** In September 2015 the Internal Audit Charter was formally updated and approved by the Governance and Resources Committee. The Charter was not due for review until September 2016 however the Public Sector Internal Audit Standards were revised in April 2016 and therefore the Internal Audit Charter has been updated accordingly.

2 THE INTERNAL AUDIT CHARTER

2.1 The PSIAS has been updated in two respects, firstly, a mission statement for internal audit has been established that is “**To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight**”. Secondly, in relation to adopting the 10 core principles for the professional practice of internal auditing, these are:-

- Demonstrates integrity.
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future focused.
- Promotes organisational improvement.

2.2 The Internal Audit Charter at Appendix 1 has been updated to reflect these changes.

3 RISK ASSESSMENT

3.1 Legal

There are no legal considerations arising from this report.

3.2 Financial

There are no financial considerations arising from this report.

3.3 Corporate Risk

The adoption of the revised Internal Audit Charter will help to ensure that the Internal Audit Section continues to provide a quality service in line with PSIAS.

4 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

5 CONTACT INFORMATION

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6 BACKGROUND PAPERS

Public Sector Internal Audit Standards April 2016

7 ATTACHMENTS

Appendix 1 – Internal Audit Charter

BACK TO AGENDA

DERBYSHIRE DALES DISTRICT COUNCIL

INTERNAL AUDIT CHARTER

INTRODUCTION

1. The Public Sector Internal Audit Standards (PSIAS) which took effect from 1 April 2013 require the adoption of an Internal Audit Charter. This Charter describes the purpose, authority and principal responsibilities of the Internal Audit Section that have been established to provide the internal audit service to Derbyshire Dales District Council.

PSIAS/REGULATORY BASIS OF OPERATION

2. The adoption of the PSIAS is mandatory and includes a:
 - Definition of Internal Auditing
 - Code of ethics
 - International Standards for the Professional Practice of Internal Auditing

3. The Mission of Internal Audit is:-

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

4. The Internal Audit Section adopts the PSIAS and the purpose and definition of Internal Audit as specified by the PSIAS:-

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

5. The Internal Audit Section also adopts the Core Principles for the Professional Practice of Internal Auditing. These are that the Section:-
 - Demonstrates integrity.
 - Demonstrates competence and due professional care
 - Is objective and free from undue influence (independent)
 - Aligns with the strategies, objectives, and risks of the organisation,
 - Is appropriately positioned and adequately resourced
 - Demonstrates quality and continuous improvement
 - Communicates effectively
 - Provides risk-based assurance.
 - Is insightful, proactive, and future-focused.
 - Promotes organisational improvement.

6. The requirement for an internal audit function in local government is specified within the Accounts and Audit (England) Regulations 2015, which state:

A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards or guidance.

7. Internal Audit is governed by policies, procedures, rules and regulations established by the Council. These include Financial Regulations, Conditions of Service, Codes of Conduct and Anti-Fraud, Bribery and Corruption strategies.
8. Where key services are to be provided to the Council by other contractors or through a partnership, in order for internal audit to form an opinion on the controls operating, a right of access to relevant information and documents should be included in contracts or agreements concerned.

DEFINITIONS

9. The PSIAS require that the Charter must define the terms “Board” and “Senior Management” for the purposes of internal audit activity.
10. The PSIAS glossary defines the board as:

The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically this includes an independent group of directors (e.g. a board of directors, a supervisory board or a board of governors or trustees). If such a group does not exist, the “board” may refer to the head of the organisation, “Board” may refer to an audit committee to which the governing body has delegated certain functions.
11. At Derbyshire Dales District Council the “Board” will be the Governance and Resources Committee.
12. “Senior Management” – those responsible for the leadership and direction of the Council. This will be the Council’s Corporate Leadership Team.
13. The PSIAS adopt the term “Chief Audit Executive”, this role is met by the Internal Audit Consortium Manager for Chesterfield Borough, North East Derbyshire and Bolsover District Councils. Derbyshire Dales District Council employs the services of this Officer to ensure that the requirements of the PSIAS are met.

SCOPE AND OBJECTIVES OF INTERNAL AUDIT

14. The scope of the Internal Audit Section encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management and internal control processes in relation to the Council's defined goals and objectives.
15. The Audit Section's remit covers all functions and services for which the Council is responsible and this extends to the entire control environment of the organisation and not just financial controls.
16. The Internal Audit Section will objectively examine, evaluate and report on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
17. The internal audit service will be delivered on the basis of a risk assessment of auditable areas. A predominantly systems based approach to most audits will be adopted.
18. The internal control system comprises the whole network of systems to provide reasonable assurance that corporate objectives will be achieved, with particular reference to:
 - Consistency of operations with established objectives and goals,
 - The reliability and integrity of financial and operational information;
 - The effectiveness and efficiency of operations and programmes,
 - Safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption;
 - Compliance with laws, regulations, policies, procedures and contracts;
 - The economic and efficient use of resources (value for money), effective monitoring systems and optimum use of performance management information.
19. With the introduction of the PSIAS, internal audit may also provide "consultancy" services. This work could take any form, provided that the independence of the service is not compromised, but will typically include special reviews or assignments where requested by management, which fall outside the approved plan and for which a contingency is included in the audit plan. There will be no significant consultancy work undertaken without the approval of the Governance and Resources Committee.

RESPONSIBILITIES AND REPORTING

20. The PSIAS requires that the Internal Audit Charter should establish the responsibilities and reporting arrangements of internal audit.
21. The Internal Audit Consortium Manager reports directly to the Council's Governance and Resources Committee and to the Head of Resources. The Internal Audit Consortium Manager also has direct access to the

Council's Chief Executive, Monitoring Officer and where necessary elected Members

22. The Internal Audit Consortium Manager will manage the provision of the Internal Audit service by: -
- Preparing each year in advance a risk based audit plan for discussion and agreement by the council's Client Officer and approval by the Governance and Resources Committee. Any in-year significant changes to the audit plan shall be agreed by the Client Officers and the Governance and Resources Committee.
 - Presenting an annual report to the Governance and Resources Committee that meets the requirements of the PSIAS and includes:-
 - An overall opinion on the adequacy and effectiveness of the Council's control environment (including any qualifications to that opinion),
 - Presents a summary of the audit work from which the opinion is derived, including reliance placed on the work by other assurance bodies,
 - Draws attention to any issues the Internal Audit Consortium Manager judges particularly relevant to the preparation of the Annual Governance Statement,
 - Compares work actually undertaken with work that was planned and to report relevant performance measures and targets.
 - Presenting periodic reports to the Governance and Resources Committee summarising all internal audit reports issued and if considered necessary providing copies of the reports,
 - Formally report the findings and recommendations of audit work to senior management and the Governance and Resources Committee throughout the year. Audit reports will:-
 - Include an audit opinion on the reliability of the internal controls in the system or area audited,
 - Identify inadequately addressed risks and non-effective control processes,
 - Detail management's response and timescale for corrective action,
 - Identify issues of good practice.
 - Ensuring audit work is supervised, reviewed, recorded and reported,
 - Implementing a follow up process for ensuring the effective implementation of audit recommendations or ensuring senior management are aware of the consequences of not implementing a recommendation and are prepared to accept the risk,
 - Liaising as needed with the External Auditor and with other regulators,
 - Maintaining and managing a risk assessment in relation to the functions of the Council,
 - Ensuring that there is an up to date Audit Manual in place setting out expected standards for the service, and monitoring compliance with these standards, including in relation to the planning, conduct, quality assurance and reporting of audit assignments.

23. Senior managers should assist audit to discharge their duties by:
- The prompt provision of information and explanations,
 - Providing input to the audit plan to ensure attention is focused on areas of greatest risk,
 - Informing the Audit Section of any plans for change, including new systems,
 - Responding to the draft internal audit report, including provision of management responses to recommendations, within the timescale requested by the audit section,
 - Implementing agreed management actions in accordance with agreed timescales,
24. The Governance and Resources Committee must:
- Approve the Internal Audit Charter,
 - Approve the risk based internal audit plan,
 - Receive progress reports and an annual report from the Internal Audit Consortium Manager in respect of the audit plan,
 - Approve any large variances or consulting services not already included in the audit plan.

AUDIT RESOURCES

25. The Head of Resources will ensure that the Audit Section has the necessary resource to enable the Internal Audit Consortium Manager to be able to give an annual evidence-based opinion.
26. The staffing and budget of the Internal Audit Consortium will be kept under review by the Head of Resources, bearing in mind the resource requirements identified in the audit plan process. Where resources available do not match the resource requirements identified by the annual audit plans, the Head of Resources will report to the Governance and Resources Committee.
27. The Internal Audit Consortium Manager providing a management service to the Council will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience. The Internal Audit Consortium Manager/Head of Resources will ensure that the internal audit service is appropriately skilled in terms of qualifications, knowledge and experience.

QUALITY AND ASSURANCE PROGRAMME

28. The PSIAS state that a quality assurance and improvement programme must include both internal and external assessments. Internal assessments should be ongoing and periodical and external assessments must be undertaken at least once every 5 years.

29. All internal audits are subject to a management quality review. Policies and procedures to guide staff in performing their duties have been established within the audit manual.
30. The internal periodic self-assessment of internal audit will be undertaken by completing the checklist for assessing conformance with the PSIAS included within the PSIAS Application Note.
31. External assessment can be satisfied by either arranging a full external assessment or by undertaking a self-assessment with independent validation. External assessments must be by a qualified, independent assessor from outside the organisation. The Internal Audit Consortium Manager/Head of Resources must discuss the format of the external assessments and the qualifications and independence of the assessor with the Governance and Resources Committee.
32. An external assessment of the internal audit function will take place at least once every 5 years and the results reported back to the Governance and Resources Committee.
33. The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.

INDEPENDENCE , AUTHORITY AND ETHICS

34. In order to achieve its objectives effectively, Internal Audit must be seen to be independent. Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that no quality compromises are made.
35. The scope of internal audit allows for unrestricted access to all records, personnel, premises and assets deemed necessary to obtain information and explanations as it considers necessary to fulfil its responsibilities in the course of the audit. Such access shall be granted on demand and not subject to prior notice.
36. This right of access is included in the Council's Financial Regulations. In addition, where necessary, the Internal Audit Consortium Manger and the Senior Auditor will have unrestricted access to:
 - The Chief Executive
 - The Head of Resources
 - Members
 - The Monitoring Officer
 - The Chair and Members of the Governance and Resources Committee
 - Individual Directors / Senior Managers
 - All Other Employees
 - The External Auditor
37. The Internal Audit Consortium Manager will confirm to the Governance and Resources Committees at least annually, the organisational independence of the internal audit activity.

38. Independence is further achieved by:
- Reporting to the Governance and Resources Committee and senior management,
 - Not being part of system and procedures being audited,
 - Rotating responsibility for audit assignments within the audit section,
 - Completing declaration of interest forms on an annual basis,
 - Internal Audit staff not undertaking an audit in an area where they have had operational roles for at least two years.
39. If any member of the Internal Audit Section considers there is or could be a conflict of interest, this must be declared to the Internal Audit Consortium Manager who will direct alternative and independent resources to the audit.
40. Where internal audit staff are required to undertake non-audit duties, the Internal Audit Manager will make it clear that those audit staff are not fulfilling those duties as internal auditors. The Internal Audit Consortium Manager will ensure that within the service there remains sufficient impartiality to enable the actions and activities of those internal audit staff to be subject to audit by those independent from the activity.
41. Internal auditors must conform to the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Ethics in addition to those of other professional bodies of which they hold membership.
42. The Code of Ethics promotes an ethical, professional culture to ensure fairness, objectivity and freedom from conflicts of interest. The key principles are;
- Integrity – to establish trust thus providing reliance on their judgement;
 - Objectivity – in gathering, evaluating and communicating information about the activity or process being examined in order to make a balanced assessment of all relevant circumstances without influence;
 - Confidentiality – to respect the value and ownership of information received which should not be disclosed without appropriate authority or a legal or professional obligation to do so, nor be used for personal gain; and
 - Competence – to apply knowledge, skills and experience appropriately.

FRAUD AND CORRUPTION

43. Managing the risk of fraud and corruption is the responsibility of management. The Council has an Anti-Fraud and Corruption strategy and a zero tolerance towards fraud.
44. The Internal Audit Consortium Manager/Senior Auditor should be notified of all suspected or detected fraud, corruption or impropriety in accordance with each Council's Financial Regulations and Anti-Fraud

and Corruption strategies, in order to inform their opinion of the internal control environment.

45. Subject to availability of resources with the internal audit plan, internal audit may assist management in the investigation of suspected fraud and corruption.
46. The Internal Audit Consortium Manager will report any instances of fraud detected as a result of audits undertaken to the Governance and Resources Committee.

REVIEW OF THE INTERNAL AUDIT CHARTER

47. The Internal Audit Charter will be reviewed every 2 years by the Internal Audit Consortium Manger and will be reported to the Council's Governance and Resources Committee for approval.

BACK TO AGENDA

GOVERNANCE AND RESOURCES COMMITTEE
9 JUNE 2016

Report of the Head of Resources

CHANGES TO CAPITAL PROGRAMME 2016-2017

PURPOSE OF REPORT

This report outlines the additional capital funding required and recommends inclusion of these amounts in the revised Capital Programme proposals for 2016/17 to 2019/20 to be considered by Full Council.

RECOMMENDATIONS

That the business cases outlined in this report be referred to Council in June 2016, to be considered for funding alongside other capital scheme business cases and, if approved, capital works identified in Paragraphs 1.1 – 1.3 of this report be implemented.

WARDS AFFECTED

Ashbourne South, Masson

STRATEGIC LINK

The effective maintenance of the Council's property assets contributes to the value of value for money and the aim of providing excellent services as expressed in the Corporate Plan .

1 ADDITIONAL CAPITAL PROGRAMME REQUIREMENTS

1.1 Ashbourne Leisure Centre –Dehumidifier and Heating Plant Upgrades

The works were originally included in the sum of £327,000 approved as part of the Condition Survey Works at the 17 September 2015 meeting of this Committee. This figure included a budget cost for a new Dehumidifier of £75,000. In addition £40,000 was included in financial year 2019/20 for three replacement dry-side boilers.

Further survey and costing works have determined that the cost of a new dehumidifier and wet-side boiler, which are best replaced at the same time, would be £150,000. Additionally, problems have occurred with the dry-side boilers which would make their replacement more of a priority at an expected cost of £40,000.

It is therefore recommended that the £40,000 in the 2019/20 Capital Programme is brought forward to 2016/17 and an additional £75,000 is requested in the 2016/17 Capital Programme to finance these works.

1.2 Ashbourne Civic Square –Resurfacing Works

This scheme has been around for a number of years having originally been part of the Ashbourne Library scheme but was pulled by DCC due to a lack of funding. It was also

removed from the Capital Programme at a previous review. Now that the redesign and resurfacing of Shawcroft Car Park has been completed, this area (which provides one of the main links between the car park and the Library and Town Centre) looks unsightly and continues to incur high maintenance costs.

The current surface is a mixture of 4 different areas of worn tarmac, paving slabs (which keep cracking) and grassed areas (which are muddy where people walk across them). We are constantly spending money fixing the paving slabs and have had a number of claims/injuries when people have tripped on this area over the last 5 years.

The scheme, at a budget cost of £50,000, involves providing a new surface and landscaping of Civic Square, which would really enhance this area of the Town. In conjunction with enabling works already completed as part of the Shawcroft Car Park scheme, it would also allow this area to be used for staging of markets and increase its suitability for use for Civic Events.

The former Ashbourne HIT society has £4,000 available to put into this scheme and further funding may be available from external sources. It is therefore recommended that an additional £50,000 is requested in the 2016/17 Capital Programme to finance these works.

1.3 Memorial Gardens Public Conveniences, Matlock Bath – Major Structural Repairs

Following the identification of major structural defects at the above property as part of the District Council's programme of Condition Surveys last year, a number of options were considered and were subject to public consultation.

The outcome of the consultation was reported to the 17 September 2015 meeting of this Committee where it was resolved that the building be repaired and internally refurbished at a budget cost of £236,000.

Following this there have been a number of issues including the presence of bats and problems with access to neighbouring private land which have delayed the projected start date for this project to 01 October 2016. Additionally, the successful tender for the works has come in substantially over budget at £324,000.

At the time of writing, a meeting is being arranged with the proposed contractor to discuss the implications of the delayed start date and to agree some cost engineering measures to reduce the overall scheme cost.

Given the above and so as not to delay the project any further, it is therefore recommended that an additional £88,000 is requested in the 2016/17 Capital Programme to finance these works.

2 RISK ASSESSMENT

2.1 Legal

The Report requests consideration of the provision of funding for capital works to take place to maintain existing facilities. Procurement exercises have been carried out where appropriate and the works at Civic Square would seek to minimise further potential personal injury claims. The Legal risk is considered to be low.

2.2 Financial

The additional capital requirements are set out in the body of the report. This request will need to be considered for funding alongside other capital schemes at the Council Meeting on 30 June. Failure to proceed with the works, particularly those at Ashbourne Leisure Centre, could result in increased revenue expenditure and a loss of income if the service cannot operate properly. The financial risk is assessed as high.

2.3 Corporate

Adoption of a planned effective maintenance programme based on accurate condition survey information will ensure that the District Council's properties remain in good condition and operating efficiently, reducing the risk of disruption to service delivery. An accurately costed programme also allows for informed decisions to be made about the suitability and cost effectiveness of each property.

3 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors is also been considered prevention of crime and disorder, equality of opportunity, environmental health, legal and human rights, financial personal and property considerations.

4 CONTACT INFORMATION

For further information contact:

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5 BACKGROUND PAPERS

None

BACK TO AGENDA

GOVERNANCE AND RESOURCES COMMITTEE

9 JUNE 2016

Report of the Head of Resources

LAND HOLDINGS REVIEW – LAND OFF ST. JOHN’S STREET, ASHBOURNE

PURPOSE OF REPORT

The subject site was to be included in Phase 3 of the Land Holdings Review earlier this year but was delayed pending further legal advice. Following detailed consideration of planning, legal and estate management factors, it is recommended that the site should be sold on the terms stated.

RECOMMENDATION

That the site shown edged in heavy black in the plan at Appendix. 1 is transferred freehold to the owner of Nos. 30-34 St John’s Street for the consideration of £500 (five hundred pounds) subject to the payment of the District Councils reasonable legal costs.

WARDS AFFECTED

Ashbourne North

STRATEGIC LINK

The Land Holdings Review Process accords with the District Council’s values and aims of obtaining "value for money" and to "protect and enhance the environment" as expressed in the Corporate Plan.

1 REPORT

1.1 Background

Over the last 6 months, the Land Holdings Review Process has been applied to 18 sites across the District in which queries or expressions of interest have been received. Following detailed consideration of planning, legal and estate management factors, recommendations are made regarding whether the sites should be retained or sold and the terms which would apply.

An appraisal of each site has taken place comprising advice on any planning constraints, legal restrictions and maintenance liabilities/costs.

1.2 Summary of Outcome

ADDRESS	Land off St John's Street, Ashbourne
REQUEST RECEIVED	A request has been received from the owner of Nos. 30-34 St John's Street to regularise his title by incorporating this site subject to the payment to the Council of a sum of £500 and Council's legal costs.
DESCRIPTION/LOCATION	<p>The site comprises a small strip of land of approximately 67 sq.m. which is registered on Council's title DY424802 along with other sections of land. This area of land currently has no clear boundary on the east, west and south sides and a neglected boundary on the north side consisting of partly demolished brick walls and tree stumps.</p> <p>The land has no individual development potential.</p>
OWNERSHIP	Derbyshire Dales District Council
LEGAL COVENANTS RESTRICTIONS	It is considered that the prospective owner has strong grounds for claiming rights to the site by adverse possession.
PLANNING	No issues.
MAINTENANCE	No maintenance undertaken.
HEALTH & SAFETY/RISKS	Possible safety risk from brick boundary walls.
OFFICER COMMENT	As the site comprises a very small strip of land with no development potential in its own right unless combined with an adjoining site any uplift in value would be negligible. Given the Council's lack of evidence to contest an adverse possession claim, it is considered that the disposal to the neighbouring land owner on the terms suggested would be the best solution.
RECOMMENDATION	Transfer for a consideration of £500 subject to the purchaser covering the Council's reasonable legal costs.

1.3 Consultation

The Ward Members and the Parish Council have been consulted on the disposal and their views will be made known verbally at the meeting.

1.4 Planning Consents

In each case of disposal the purchaser would be responsible for making any necessary planning application at their cost to enable their desired use of the site. The decision at this meeting is entirely without prejudice to any future decisions on such applications by this Council as Planning Authority.

2 RISK ASSESSMENT

2.1 Legal

The Council has a duty under S123 of the Local Government Act 1972 to dispose of assets for the best price reasonably obtainable.

The purchasers would be responsible for the District Council's reasonable legal costs.

The duty to consult on the disposals accords with the Council's policy on the disposal of land and property. The legal risk in that respect is low.

2.2 Financial

The proposed consideration of £500 will be credited to the Council's revenue account. The purchaser will cover the Council's reasonable legal costs. The costs involved in dealing with expressions of interest (mainly officer time) can be met from existing budgets. The financial risk is assessed as low.

3 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors is also been considered: prevention of crime and disorder, equality of opportunity, environmental health, legal and human rights, financial personal and property considerations.

4 CONTACT INFORMATION

Mike Galsworthy, Estates and Facilities Manager
Tel: 01629 761207 E-mail: mike.galsworthy@derbyshiredales.gov.uk

BACKGROUND PAPERS

Property Services File – Land Holdings Review OPG41

BACK TO AGENDA

Appendix 1



Derbyshire Dales DC

1:750

Date: 07/03/2016

100019785

Crown Copyright and database rights (2016) Ordnance Survey (100019785)

*Derbyshire Dales District Council,
Town Hall, Bank Road, Matlock, Derbyshire DE4 3NN.
Telephone: (01629) 761100.
website www.derbyshiredales.gov.uk*

**GOVERNANCE AND RESOURCES COMMITTEE
9 JUNE 2016**

Report of the Head of Resources

**LAND AND PROPERTY DISPOSALS – LAND OFF KING EDWARD STREET,
ASHBOURNE**

PURPOSE OF REPORT

A report on this matter concerning an approach received from Sainsbury's Supermarkets Ltd. (SSL) for the inclusion of an area of District Council owned land off King Edward Street, Ashbourne in a proposed care home development was approved at the 29 January meeting of this Committee.

Since this time, SSL and the proposed Care Home Developer, Churchill Homes (CH), have been undertaking due diligence on the site and each party's respective lawyers have identified a legal issue which requires a change to the access arrangements and a corresponding reduction in the number of car parking spaces available in the new pay and display car park to be provided as part of the scheme. An increase in the Capital Receipt has been agreed to compensate for this.

This report indicates the Heads of Terms that are now proposed to enable the Committee to consider the amended offer made by SSL.

RECOMMENDATIONS

1. That the amended offer from SSL as outlined in paragraph 1.3 is accepted, subject to the necessary planning consents being obtained by SSL.
2. That Members note that the disposal in 1. above comprises an undervalue transaction permitted under the General Disposal Consent 2003

WARDS AFFECTED

Ashbourne South

STRATEGIC LINK

The potential disposal of this site accords with the District Council's values and aims of obtaining "value for money" and to "protect and enhance the environment" as expressed in the Corporate Plan 2015/16.

1. REPORT

1.1 Background

The terms previously agreed were as follows:-

1. Derbyshire Dales District Council to grant a 2 year Option Agreement (with an

option to extend for a further 12 months to cover planning appeals etc). to Sainsbury's Supermarkets Ltd (SSL) allowing them to acquire the land shown edged in heavy black and hatched/cross hatched on the plan at appendix 1 of the main report subject to Planning Consent for the proposed retirement home development being granted.

2. SSL to pay a consideration to the District Council of £94,000 (ninety four thousand pounds) for the transfer of such freehold interest.

3. SSL to provide a new surfaced car park with 26 spaces Council including servicing and car park marking to a specification to be agreed between the parties. This work would also include demolition of the existing King Edward Street Closed Public Conveniences and the existing bus shelter.

4. SSL to provide a new bus shelter to a design and specification to be agreed between the parties.

5. SSL to demolish the unused Henmore Centre Building on the site opposite and to surface the building footprint to base course level to enable future temporary use of this site as car parking whilst the retirement home scheme is built.)The future use of this particular site will be considered separately later this year).

6. SSL to indemnify the District Council for legal costs incurred in documenting the transaction.

7. SSL to have the right to novate the Option Agreement to a 3rd party who will undertake the works obligation and complete the purchase.

8. All the above to the subject to SSL obtaining all of the Planning Consents required to enable the scheme to take place.

1.2 Current Situation

Since these Terms were approved, SSL and the proposed Care Home Developer, Churchill Homes (CH), have been undertaking due diligence on the site and each party's respective lawyers have identified a legal issue which requires a change to the access arrangements and a corresponding reduction in the number of car parking spaces available in the new pay and display car park to be provided as part of the scheme.

The legal issue is due to the reserved right of way in favour of the privately owned development site to the South East of the District Council's retained car park. This right of way was granted as part of the sale of this land (which was previously owned by the District Council) in 2007 and contained a clause allowing a new route to be defined and built within the first 10 year period expiring in March 2017.

Although CH intends to apply for Planning Consent in the next few months, it will not be possible to vary this access in the available timescale. Although a new access could still be agreed by negotiation, this is likely to have a substantial cost which may affect the viability of the scheme.

1.3 Proposed Changes to Heads of Terms

SSL and CH have redesigned their proposed scheme to allow the existing access to the site to remain unchanged serving all 3 sites. This may be advantageous in highway terms as it avoids having to create a separate access to the site as was originally proposed.

The Heads of Terms proposed would remain as existing, with the exception of Clauses 2,3 and 5 which would read:-

2. SSL to pay a consideration to the District Council of £102,000 (one hundred and two thousand pounds) for the transfer of such freehold interest.

3. SSL to provide a new surfaced car park with 20 spaces Council including servicing and car park marking to a specification to be agreed between the parties. This work would also include demolition of the existing King Edward Street Closed Public Conveniences and the existing bus shelter.

5. Following occupation of the site as a site compound during construction works, SSL to demolish the unused Henmore Centre Building on the site opposite and to surface the building footprint to base course level to enable future temporary use of this site as car parking once the retirement home scheme is built. The future use of this particular site will be considered separately in a future report..

1.4 Effect on Car Parking

The scheme as originally proposed reduced the number of car parking spaces on this particular site by 13 spaces. The effect of retaining the existing access point would further reduce the capacity of the retained car park by 6 spaces resulting in a total loss of 19 spaces. The new car park as proposed will therefore provide 20 spaces inclusive of 2 disabled spaces.

The works proposed to the Henmore Centre site on completion of this scheme will provide at least the number of lost spaces. In addition, as a result of the recently completed Shawcroft scheme, a further 30 plus spaces have been created on that site so the overall position would still be a net gain of car parking spaces for Ashbourne.

1.5 Valuation

Given the reduction in the number of car parking spaces provided, the revised offer made by SSL as detailed above is considered by the Council's Valuer to be the best price reasonably obtainable and is therefore recommended for acceptance.

1.6 Consultation

The Ward Members and the Parish Council have previously been consulted on the disposal and their views were taken into account in the original decision.

1.7 Planning Situation

The proposed scheme has yet to obtain Planning Consent. The consideration of the Heads of Terms and disposal of the District Council's land by this Committee would be entirely without prejudice to any future decisions by the District Council as Planning Authority.

2 RISK ASSESSMENT

2.1 Legal

The Council has a duty under S123 of the Local Government Act 1972 to dispose of assets for the best price reasonably obtainable. It is however permitted to dispose of land at an undervalue if it considers that the disposal would secure the promotion, improvement of the economic, social or economic well-being of its area.

The recommended transaction is considered to satisfy that criteria. An additional condition would be that the purchasers would be responsible for the District Council's reasonable legal costs.

The duty to consult on the disposal accords with the Council's policy on the disposal of land and property.

The legal risk is therefore low.

2.2 Financial

If accepted, the proposed terms for this disposal will result in a capital receipt of £94,000 for the Council.

Whilst this disposal is classed as an undervalue transaction, the proposed transfer of the site on the terms proposed will remove a future maintenance liability for the Council. The proposed terms also include works done on the District Council's behalf, which are valued at £140,000.

Therefore the financial risk is low.

3 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

4 CONTACT INFORMATION

Mike Galsworthy, Estates and Facilities Manager Tel: (01629) 761207
Email: mike.galsworthy@derbyshiredales.gov.uk

5 BACKGROUND PAPERS

None.

BACK TO AGENDA

GOVERNANCE AND RESOURCES COMMITTEE
9th JUNE 2016

Report of the Head of Resources and Head of Corporate Services

ANNUAL GOVERNANCE STATEMENT 2015/16

PURPOSE OF REPORT

The Annual Governance Statement gives the Council an opportunity to reflect and report publicly on the extent to which it has complied with its own code of governance. This report seeks Members' approval for the Annual Governance Statement for 2015/16, which is consistent with the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government", and meets the requirements of the Accounts and Audit Regulations 2015.

RECOMMENDATIONS

1. That Members approve the Annual Governance Statement for 2015/16.
2. That the significant governance issues, and the actions to address them, be noted.

WARDS AFFECTED

None

STRATEGIC LINK

Preparation of an Annual Governance Statement helps to identify principal risks to the achievement of the Council's objectives.

1 REPORT

- 1.1 Confidence in public sector governance is of critical importance given the investments by the government and council tax payers in local services. An annual governance statement (AGS) should not be seen as a dry financial requirement, but as an important public expression of what the Council has done to put in place good business practice, high standards of conduct and sound governance.
- 1.2 Councils face intense pressure to deliver unprecedented funding cuts, organisational change and innovation in service delivery while meeting public demands for greater transparency in decision-making and performance. Effective governance is essential if senior officers and members are to meet these exacting challenges. Ironically though, those processes that ensure good governance are at risk from the conflicting demands for reduced spending and a re-prioritisation of resources. Councils must produce an AGS alongside the annual accounts to report publicly on how they have complied with their governance code and describe any governance issues, and explain how they will be addressed.
- 1.3 The Accounts and Audit Regulations 2015 require local authorities to conduct a review of its system of internal control at least once a year, and, following that review, to publish an annual governance statement prepared in accordance with proper practices in relation to internal control. The Annual Governance Statement is attached at Appendix 1. It is

consistent with the 2007 CIPFA/SOLACE publication “Delivering Good Governance in Local Government”, and an addendum published in December 2012.

- 1.4 In accordance with proper practice, the Annual Governance Statement must be signed by the Leader of the Council and by the Chief Executive, who must be satisfied that the document is supported by reliable evidence and accurately reflects the Council's governance arrangements. The role of the Governance & Resources Committee is to be satisfied that the annual governance statement properly reflects the risk environment and any actions required to improve it, and to demonstrate how governance supports the achievements of the authority's objectives.
- 1.5 The Annual Governance Statement describes the key elements of the governance framework and the process that has been applied in maintaining and reviewing the effectiveness of the governance framework. Section 6 of the Annual Governance Statement identifies significant governance issues.

2 RISK ASSESSMENT

2.1 Legal

The legal risk has been assessed as low. The Council's Framework for Corporate Governance requires the Council to put in place effective arrangements for an objective review of risk management and internal control. This Statement helps to satisfy that requirement.

2.2 Financial

The financial risk arising from this report is low.

2.3 Corporate Risk

Councils face intense pressure to deliver unprecedented funding cuts, organisational change and innovation in service delivery while meeting public demands for greater transparency in decision-making and performance. Effective governance is essential if senior officers and members are to meet these exacting challenges. The Annual Governance Statement gives the Council an opportunity to reflect and report publicly on the extent to which it has complied with its own code of governance. This process helps to identify principal risks to the achievement of the Council's objectives.

3 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

4 CONTACT INFORMATION

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5 BACKGROUND PAPERS

Accounts and Audit Regulations 2015

DDDC Code of Corporate Governance September 2015

CIPFA/SOLACE Statement “Delivering Good Governance in Local Government: Framework – Addendum December 2012”

6 ATTACHMENTS

Appendix 1 - Annual Governance Statement 2015/16

BACK TO AGENDA



ANNUAL GOVERNANCE STATEMENT 2015/16

1. EXECUTIVE SUMMARY

The Annual Governance Statement (AGS) shows how Derbyshire Dales District Council has complied with its Code of Corporate Governance. This document reviews the governance arrangements in place in 2015/16.

As a local authority, spending public money, it is important that the Council can demonstrate that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Section 4 of the AGS describes the key elements of the governance framework in the context of the six principles outlined in the Council's Code of Corporate Governance.

Section 5 of the AGS describes the review of effectiveness that has been undertaken. The conclusion is that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework but there are still some governance issues that need to be addressed.

Section 6 of the Annual Governance Statement identifies significant governance issues that need to be addressed during 2016/17:

- The identification of further financial savings required over the next 5 years;
- The balance of housing benefit overpayments;
- Weaknesses in arrangements for data protections and information governance.

2. SCOPE OF RESPONSIBILITY

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

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

Derbyshire Dales District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework “*Delivering Good Governance in Local Government*”. A copy of the code is on our website www.derbyshiredales.gov.uk, or can be obtained from the Head of Corporate Services, Town Hall, Matlock, DE4 3NN. This Annual Governance Statement explains how Derbyshire Dales District Council has complied with its code of governance, and also meets the requirements of regulation 6 (1) (b) of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

3. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values, by which the District Council is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Derbyshire Dales District Council policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Derbyshire Dales District Council for the year ended 31st March 2016 and up to the date of approval of the Statement of Accounts.

4. THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the District Council’s governance arrangements are as follows:

PRINCIPLE 1 – A clear definition of the District Council’s purpose and desired outcomes:

The shared Peak District Statement of Priorities outlines the vision and priority challenges for the area. It was produced by the Peak District Partnership which brings together all the relevant stakeholders, including those that deliver services in the area. The District Council is a lead member. Priorities have been identified through consultation with local people and a wide range of stakeholders.

Exercising strategic leadership by developing and clearly communicating the District Council’s purpose and vision and its intended outcome for citizens and service users:

The Council’s aims and objectives are set out in the annually-updated Corporate Plan. The Corporate Plan contains a statement of priorities which describes the areas where we are focusing our activities over a four-year period. These priorities reflect the Peak District Statement of Priorities, which was developed following consultation with residents, businesses and voluntary organisations.

The Council’s annual Performance Plan contains information about the Council’s services and finances, sets out what we do, targets for the year and planned improvements. It includes key performance indicators to show how well we performed in previous years.

The Corporate Plan also identifies targets for the coming year and reports on progress against last year's targets.

The Council's Local Development Framework (Local Plan) is currently out to public consultation. This document acts as a blueprint to ensure that there is quality development that meets the needs of the district.

Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning and that the District Council makes best use of resources and that tax payers and service users receive excellent value for money:

Through reviews by external auditors, Internal Audit, and the Corporate Leadership Team, the District Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised.

Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Training needs are identified through the Performance and Development Review Scheme.

The Council has achieved accreditation under the Investors in People Standard, which is a quality framework to ensure that the Council's employees have the right knowledge, skills and motivation to work effectively.

The Council has an effective performance management framework as set down in its document "Managing Performance at Derbyshire Dales District Council: A Practical Handbook". The system is driven by the Corporate Plan which focuses attention on corporate priorities. This is cascaded through departmental service plans, individual employee personal development objectives and action plans. It is clearly laid out in the annual service and financial planning and performance management cycle. The Council monitors and scrutinises progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary, biannually. The quality of performance data is assured through the involvement of Internal Audit.

The Council has a Partnership Protocol, which sets out the governance arrangements for the way in which the District Council interacts with strategic partners. This protocol has been flagged for review during 2016/17.

The District Council publishes an annual Equality Plan which sets out how the District Council meets its public sector equality duties. It also publishes an annual Consultation and Engagement Plan which sets out what consultation and engagement activities are proposed to be undertaken each year as a way of identifying the means by which it can fulfil its statutory duty to undertake consultation.

The Council has several strategies and plans which assist in ensuring that the District Council makes best use of resources and that tax payers and service users receive excellent value for money. These include:

- Financial Strategies
- Annual Budget
- Annual Audit and Inspection Letter
- Financial Regulations (within the Council's Constitution)
- Contract Procedures (within the Council's Constitution)
- Asset Management Plan

- Protocol on the Management of the Civic Allowance
- Report of the Independent Remuneration Panel on Members Allowances

PRINCIPLE 2 – Well defined functions and culture

Ensuring effective leadership throughout the Council and being clear about the roles and responsibilities of the Council, its Committees and Sub-Committees, and the functions delegated to officers:

The District Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

Most day-to-day decisions are made by policy committees. In 2015/16, the Council moved from three policy committees – ‘Corporate Committee’, ‘Community Committee’ and ‘Environment Committee’ to two policy committees – Governance & Resources Committee and Community & Environment Committee. Meetings are open to the public except where personal or confidential matters are being disclosed. There is scheme for ‘public participation’ at these meetings. Policy improvement and review is undertaken by sub-committees as may be required from time to time.

To allow the policy committees to concentrate their time and effort on policy and strategic matters, the Council has a Scheme of Officer Delegation, whereby routine decision-making is delegated to officers. The scheme sets out the relevant subject areas and the responsible officers.

Ensuring that a constructive working relationship exists between Council Members and officers:

All governance and probity issues are under the remit of the Governance & Resources Committee.

Members have been required to attend training on the application of the Council’s Code of Conduct for Members. Training was also provided to senior officers of the Council so that they could appreciate the issues surrounding the ethical framework and the Member/officer relationship.

An updated version of The Employee Code of Conduct, based on the underlying principles of the Member code, was adopted in 2015. The new Code was distributed to all employees, who were required to accept (electronically) the revised provisions as part of their contract of employment.

The Council has a protocol governing Member/Officer relations.

The District Council adopted a new Code of Conduct as required by the Localism Act, on 21 June 2012. Training was provided for all Councillors on the new provisions of the Code as part of the mandatory training element of the Member Development Scheme. All Councillors have subsequently completed their Register of Disclosable Pecuniary Interests as required and copies are available for members of the public to view via the District Council’s website.

The Council has a Planning Code of Good Practice, which was updated in May 2016. This sets out arrangements to ensure probity, transparency & good practice.

Ensuring relationships between the Council, its partners and the public are clear, so that each knows what to expect of the other:

Derbyshire Dales District Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

The Council has a Partnership Protocol, which sets out the governance arrangements for the way in which the District Council interacts with strategic partners. This protocol has been flagged for review during 2016/17.

PRINCIPLE 3 – Transparent decision making

Being rigorous and transparent about how decisions are taken:

The Council has a number of policies that bring about a rigorous and transparent approach to decision making. These include:

- The Constitution
- Annual review of Planning decisions
- FOI Publication Scheme
- Regulation of Investigatory Powers Act 2000 Policy
- Data Protection Policy
- Council and Committee decisions

Ensuring that an effective risk management system is in place:

The District Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. The Council has approved a Risk Management Policy Statement and Strategy which provides a comprehensive framework for the management of risk throughout the Council. A cross-departmental Risk Continuity Hub has defined Terms of Reference to develop a comprehensive performance framework for risk management and to embed risk management across the authority. A Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks. The Risk Register is updated regularly.

All reports which require decisions to be taken by the Council or its Committees contain a section which outlines legal, financial and corporate risks in order to inform the decision making process.

The Council's Constitution, including the Scheme of Delegation, Standing Orders and Financial Regulations, is reviewed annually by the Council.

The Council's External Auditors carry out a Value For Money risk assessment as part of their Annual Audit Letter. This identifies key areas impacting on Value For Money and the arrangements that the Council has in place to mitigate those risks.

Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants or needs:

The Consultation and Engagement Plan sets out what consultation and engagement activities are proposed to be undertaken each year.

Area Community Forums are held at three locations (in the northern, central and southern areas of the district) three times a year. The forums provide an opportunity for members of the public to question members and officers, as well as being useful for providing information or consulting the public.

PRINCIPLE 4 – Upholding high standards of conduct and behaviour

Ensuring Councillors and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance:

The Council has the following policies in place to ensure that high standards of conduct are in place:

- Elected Member Code of Conduct
- Employee Code of Conduct
- Employee Register of Interests
- Elected Member Register of Interests
- Confidential Reporting Policy
- Anti-Fraud and Corruption Policy
- Regulation of Investigatory Powers Act Surveillance Policy

PRINCIPLE 5 – Developing the capacity and capability of members and officers

Making sure that Councillors and officers have the skills, knowledge, experience and resources they need to perform well in their roles:

The Council has the following complementary schemes in place to identify training needs of elected Members and officers and to provide tailored training plans:

- Member Development Scheme
- Employee Performance and Development Review Scheme

The aim of the Council's employee Performance and Development Review Scheme is to jointly agree objectives, identify training and development needs, and formulate specific and realistic action plans which contribute towards achieving the Council's aims and objectives. The scheme also reviews past performance.

A Member Development Working Group, consisting of Members and officers, has day-to-day responsibility for shaping and developing the Council's Member Development Scheme. The scheme enables individual Members to discuss their training and development needs within a set framework that included mandatory training on key topics.

Developing the capability of people with governance responsibilities and evaluating their performance as individuals and as a group:

The Council has a Member Development Scheme and an Employee Performance and Development Review Scheme, which review the performance of each employee or elected member.

The Council maintains a register of formal complaints and carries out an annual review.

The Head of Corporate Services carries out an annual review of the Code of Corporate Governance (in November).

PRINCIPLE 6 – Accountability to stakeholders

Exercising leadership through a system which engages local people, stakeholders and partners:

Details of how the Council exercises leadership and engages with others can be found in the following:

- Consultation Strategy
- Annual report of Area Community Forums

The Council has three Area Community Forums covering the North, Central & Southern Areas of the District, which are intended to act as a focal point for mutual communication and consultation between the local community, stakeholders and Councillors. Community Forums contribute towards development of policies, and can examine the effectiveness of strategic implementation of Council Policy at a local level and report findings to the relevant Committee.

The Council has a Citizens Panel of residents who are consulted regularly on a variety of issues, including the establishment of aims and objectives.

The Council has a variety of other means of communicating with all sections of the community, including the Council's website, focus groups with the public (for example on the Corporate Plan and Budget), and the use of social media, and the publication of DalesMatters twice a year.

Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery:

The following strategies and plans demonstrate the Council's approach:

- Corporate Plan
- Medium Term Financial Strategy
- Equalities Strategy
- Partnership Protocol
- Annual Budget

OTHER GOVERNANCE ARRANGEMENTS

Ensuring the District Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010):

The Council has designated the Head of Resources as chief financial officer in accordance with Section 151 of the Local Government Act 1972. Examples of how the role of the Head of Resources & the District Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)" are as follows:

- The Head of Resources is a member of the Chartered Institute of Public Finance & Accountancy (CIPFA), reports directly to the Chief Executive and is a member of the Corporate Leadership Team.

- The District Council's governance arrangements ensure that the Head of Resources has direct access to the Chief Executive, all other members of the Corporate Leadership Team, the Governance & Resources Committee, and external audit.
- The Council's Financial Regulations ensure that the Head of Resources is able to influence all material business decisions, as no item can be placed before the Council or its Committees without obtaining the Head of Resources' assessment of its financial implications and financial risk.
- Financial Regulations require the Head of Resources to prepare, and review on an annual basis, a financial strategy which includes a five-year financial plan, a five-year capital strategy, and a policy in respect of reserves and provisions.
- The Head of Resources ensures compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.
- Article 9 of the Council's Constitution sets out the functions of the chief finance officer, including ensuring lawfulness and financial prudence of decision making, administration of financial affairs, contributing to corporate management, providing advice and giving financial information, and requires the Council to provide whatever resources are required to allow these duties to be performed.
- There is a line of professional accountability to the Head of Resources for the District Council's finance staff.

Undertaking the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities":

In the financial year 2015/16 the core functions of an audit committee were undertaken by the Corporate Committee at the start of the year, superseded by the Governance & Resources Committee. This committee is a key source of assurance to the Council's arrangements for managing risk, maintaining an effective control environment. Its Terms of Reference relating to audit are in accordance with the above CIPFA guidance.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:

The Council has designated the Head of Corporate Services as Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Chief Executive (Head of Paid Service) and the Head of Resources (Chief Finance Officer), the Monitoring Officer will report to the full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The Council maintains an Internal Audit Section, which complies with the 'Public Sector Internal Audit Standards' set by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Internal Auditors (IAA). Whilst the District Council maintains an in-house Internal Audit function, Internal Audit management is provided through membership of an Internal Audit Consortium which also provides Internal Audit services for Chesterfield Borough Council, Bolsover District Council and North East Derbyshire District Council. This arrangement has enabled the District Council to address concerns about Internal Audit capacity and to ensure that the Internal Audit Manager is professionally qualified.

The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.

From May 2015 the Council had Committees which carried out a number of regularity functions, including:

- a Planning Committees to determine planning applications and related matters;
- a Local Plan Advisory Committee to assist in the formulation of planning policy;
- a Licensing and Appeals Committee, which monitors and reviews the effectiveness of the council's licensing policy and procedures.

Whistle-blowing and for receiving and investigating complaints from the public:

The Council's Whistle-blowing policy demonstrates the Council's commitment to providing support for whistleblowers. The Whistle-blowing policy was updated in 2015 and is available to all staff on the Council's Intranet, and is included in procurement advice to suppliers. The Head of Corporate Services has a duty to report any referrals under the policy.

The Council has an adopted complaints procedure that enables members of the public to raise concerns in respect of the Council's services. Any member of the public who is dissatisfied with the initial response to their complaint has the opportunity to request an independent review of that decision by the Council's Chief Executive. The relevant policy committee has a role in monitoring the complaints framework and any complaints dealt with by the Local Government Ombudsman. Any critical findings from the Local Government Ombudsman are reported to one of the Council's Policy Committees or Council as appropriate.

Details of how to make a complaint are on the Council's website www.derbyshiredales.gov.uk.

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report "*Governing Partnerships: Bridging the Accountability Gap*", and reflecting these in the authority's overall governance arrangements:

The Council has delegated to its policy committees a requirement to work jointly and in partnership with others to help deliver the Council's aims and objectives. Financial Regulations require the Head of Corporate Services to ensure that significant partnerships are defined by a written agreement which covers:

- The aims and objectives of the partnership.
- The accountability arrangements, including pooled budgets, scheme of delegation, reporting structures.
- The funding arrangements.
- The success criteria for the partnership, including financial performance.
- Governance arrangements including audit review.
- Arrangements for dissolving the partnership.

The Council maintains a register of all significant partnerships covering the above criteria. Risks arising from significant partnerships are identified in the Council's Risk Register.

5. REVIEW OF EFFECTIVENESS

Derbyshire Dales District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the

governance environment, the Internal Audit Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system the Governance Framework includes:

The Head of Corporate Services (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year at its Annual Meeting.

The Governance & Resources Committee reviews the local Code of Corporate Governance on an annual basis, including Principle 3 relating to risk management and internal control, adopts an Action Plan to deal with any issues, and makes appropriate recommendations to Council on potential improvements.

The Council's Governance and Resources Committee has Terms of Reference which include:

- To undertake the role of Audit Committee and provide assurance of the adequacy of the risk management framework and associated control environment;
- To consider the External Auditor's report on issues arising from the audit of accounts, the External Audit Plan, the Annual Audit Letter etc.

The Council has designated the Head of Resources as chief finance officer in accordance with Section 151 of the Local Government Act 1972. The role of the Head of Resources and the District Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)". The financial management of the authority is conducted in accordance with the financial rules set out in Parts 8 and 9 of the Constitution (Contract Standing Orders and Financial Regulations, respectively). The Council has in place a five-year Financial Strategy, last updated in November 2013, to support the medium-term aims of the Corporate Plan.

The Internal Audit Section is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a three-year plan which is approved by the Governance and Resources Committee, and from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Head of Service, with a copy to the relevant service manager, as appropriate. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes a six-monthly review of recommendations to ensure that they are acted upon. A summary is presented to the Governance and Resources Committee. All Internal Audit reports include a report on the quality and effectiveness of internal control within the Council's systems, and an assessment in accordance with quantification and classification of internal control level definitions. These definitions are:

Good	A few minor recommendations (if any)
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial
Marginal	A number of areas have been identified for improvement
Unsatisfactory	Unacceptable risks identified; changes should be made
Unsound	Major risk identified; fundamental improvements are required

The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section.

A review of the effectiveness of the system of internal control and the effectiveness of internal audit is undertaken on a regular basis. During 2015/16, 31 internal audit reports were issued. There was 1 marginal and 1 unsatisfactory report issued during the year. The marginal report was in respect of recruitment and selection; the main points raised were in relation to the obtaining of two references and ensuring that monitoring forms are returned to Human Resources, all of the recommendations made have been implemented. The unsatisfactory report related to Sports development largely due to poor record keeping and delayed banking; these issues were addressed immediately following the audit.

The Annual Audit Report for 2015/16 pointed out that some of the recommendations from the data protection audit remain outstanding. Until these recommendations have been implemented, the risks (including possible fines / reputational damage in the event of a security breach) have been scored as 'high' by the Risk Continuity Hub.

The Council's Corporate Leadership Team meets weekly to develop policy issues commensurate with the Council's aims, objectives and priorities. The Corporate Leadership Team also considers other internal control issues, including risk management, performance management, compliance, efficiency and value for money, and financial management.

Each year, the Corporate Leadership Team reviews the Risk Management Policy Statement and Strategy to ensure their continued relevance to the Council. The annual review also assesses performance against the aims and objectives of the Risk Management Strategy. In the Annual Audit Report, the Internal Audit Manager provides an opinion to the Governance and Resources Committee on the adequacy of the Council's risk management systems and the internal control environment

The Risk Continuity Group provides progress reports to the Corporate Leadership Team, bringing their attention to significant risks. The Risk Continuity Group also:

- Reviews the Council's strategic risk register and associated action plans;
- Ensures that the appropriate management action is taken to minimise/eliminate risk;
- Reviews the results of investigations into untoward incidents.

For performance management, a traffic light monitoring and reporting system is in place. This risk assessment determines the frequency of reporting to chief officers and councillors, with corrective action plans put in place for any under-performing services.

In September 2015, in the "Report To Those Charged With Governance", the External Auditor commented that:

- We identified no significant risks specific to the Authority during 2014/15, with respect to the financial statements.
- We did not identify any specific VFM risks in our External Audit Plan 2014/15 issued in March 2015. We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In March 2016 the External Auditor made the following comments in respect of the Council's Medium Term Financial Plans

- The council has established a balanced budget for the next two years but has recognised that further savings will be required during the life of the current MTFP. The council has started to address savings needs through service reviews but will need to achieve savings of £750,000 over the life of the MTFP.
 - We will review the robustness of the MTFP and delivery of the current budget to ensure arrangements are in pace to effectively monitor the use of resources to support the council priorities.

The Corporate Leadership Team continues to work towards the achievement of a balanced budget in the medium term against the backdrop of reductions in government funding. The achievement of a sustainable financial plan has been identified as a significant risk.

The Council's Corporate Leadership Team has reviewed this Annual Governance Statement and the evidence supporting it.

We have been advised on the implications of the review of the effectiveness of the governance framework by the Governance and Resources Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

6. SIGNIFICANT GOVERNANCE ISSUES

The following significant governance issues have been identified:

	Issue	Action
1.	<p>The Council continues to face significant financial pressures. Although savings and efficiency gains have been achieved each year in order to set a balanced budget, the latest projection has identified that further savings of around £0.7 million are required over the next five years.*</p>	<p>Continue to plan and monitor efficiency savings, to be achieved through the continuation of a programme of service reviews and through other methods set out in the financial strategy;</p> <p>Update the financial strategy and medium-term financial plan during October 2016, or as and when further information becomes available, e.g. 2015/16 outturn;</p> <p>Monitor future announcements in respect of funding levels and incorporate in to the medium-term financial plan as necessary;</p> <p>Consider the preparation of an efficiency plan and whether to sign up to the government's four-year financial settlement by 30 September 2016.</p>
2.	<p>The Council has arrears of Housing Benefit overpayments, totalling approximately £981,000. Offsetting this is a bad debt provision of £180,000, which is considered to be adequate at this stage.</p>	<p>Take the necessary recovery action in order to actively pursue outstanding debts;</p> <p>Produce regular monitoring reports in order to review progress;</p> <p>Assess the adequacy of the bad debt provision as and when further information is available in respect of the success of recovery action.</p>
3.	<p>An internal audit review has identified that there are weaknesses in the Council's arrangements for Data Protection and Information Governance. The strategic risk (of fines / reputational damage) has been assessed as 'high'. However, an action plan has been produced and the risks will reduce when all actions have been implemented. Some actions have already been implemented.</p>	<p>Implement the remaining actions identified in the action plan during 2016/17;</p> <p>Internal audit will review the controls and implementation of the action plan during 2016/17;</p> <p>Arrange for a data protection / information governance health check to be carried out by an independent expert during 2016/17 and create an action plan to implement any recommendations.</p>

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

Signed

Councillor Lewis Rose O.B.E.
Leader of the Council
Date: - 30th June 2016

Dorcas Bunton
Chief Executive
Date: - 30th June 2016

BACK TO AGENDA



GOVERNANCE & RESOURCES COMMITTEE
9 JUNE 2016

Report of the Chief Executive

ELECTRONIC DOCUMENT MANAGEMENT SYSTEM

PURPOSE OF REPORT

The deployment of an Electronic Document Management System (EDMS) was approved by Corporate Committee on 20 March 2014, subject to a viable business case being presented to the Corporate Leadership Team. The business case was approved on 22 March 2016 but the level of capital expenditure required exceeds that previously set aside for this project. The report requests release of the Information Technology Reserve to procure and implement EDMS for the Council.

RECOMMENDATION

1. The Northgate Information@Work system be adopted as the corporate Electronic Document Management System (EDMS)
2. Council is requested to update the Capital Programme by an additional £95,000 from the Information Technology Reserve for this project, to be considered for funding alongside other capital schemes, on the basis of the business case outlined in this report
3. Council is requested to waive the requirement for competitive tender on this occasion, in conformance with the Contract Standing Orders
4. Deployment of the EDMS be phased, with the first phase being in Development Management.

WARDS AFFECTED

All

STRATEGIC LINK

Deploying EDMS will support the District Council's priority to seek efficiencies and innovative working practices, as set out in the Corporate Plan 2015-2019.

1 BACKGROUND

- 1.1 Electronic document management (EDMS) is software that is used to scan incoming mail, circulate and file documents, manage and chase work flow, and in time reduce paper and the need for space. The Administration Service Review report (issued 28 November 2013) stated that the Transformation Hub be recommended to:

- Procure a document management system with workflow that links to and integrates with existing back office systems
 - Evaluate the current Northgate EDMS.
- 1.2 Subsequently, and as a result of these recommendations:
- A detailed EDMS options appraisal was carried out by the Transformation Team (the sub-group was led by the Head of Resources) and approved by the Corporate Leadership Team in February 2014, and again in March 2015
 - The procurement of an EDMS, along with any necessary support, was approved by Corporate Committee on 20 March 2014, subject to a business case being approved by CLT
 - EDMS has remained a core feature of the District Council's transformation programme and capital programme since, being included in the Service Review programme approved by Council on 23 April 2015 and the Capital Programme approved by Council on 3 March 2016.
- 1.3 A figure of £50,000 to be drawn from the Information Technology Reserve was allocated to finance the project.
- 1.4 The project team has clarified the potential benefits of introducing an EDMS across the District Council. These include:
- less reliance on costly, time-consuming paper-based systems
 - less danger of losing documents once scanned
 - fast routing of documents from person to person
 - can interface with other systems, such as the planning system
 - streamlined production of letters and reports by template
 - less space required for storing paper files
 - improved disaster recovery
 - underpins agile working
- 1.5 The Northgate Information@Work EDMS is already used in the Development Management and Revenues and Benefits sections. These sections began implementation of the system in 1998. Revenues and Benefits are heavily reliant on the Northgate system, it being the channel through which all their documentation is input and the basis of all their workflow. Development Management have historically used it as a depository of all documents that they upload to the website for public viewing.
- 1.6 At the request of the Corporate Leadership Team, in considering the business case for EDMS, the options open to the District Council were clarified by the project team in March 2016. They are as follows:
- Option 1 - To take advantage of Northgate's discounted offer and purchase all the licensing and additional modules required to deploy at a corporate level (i.e. across all Council departments) but with initial deployment in Development Management;
 - Option 2 - To remain with Northgate but use a phased purchase approach beginning with just those elements required to enable EDMS deployment in Development Management;

- Option 3 - To purchase an alternative system. The costs and timescales required would be very significant indeed and serious disruption to services in both Development Management and Revenues and Benefits would be a virtual certainty;
 - Option 4 - The final option would be to take no action. No additional costs would be incurred but approximately £20,000 per annum support fees would still be applicable for the existing installation.
- 1.7 After considering these options and associated costs (as set out in the full business case appended) the Corporate Leadership Team concluded that Option 1 - to purchase a fully corporate version of the Northgate system with additional modules - represented the maximum value for money and available functionality, and that this should be the recommended option. Deployment in the first phase would be in Development Management.
- 1.8 As reported to the Governance and Resources Committee on 24 March 2016, the redesign of business processes in Development Management (and, consequently, the redesign of the organisational structure) based on 'digital by default' is dependent on the introduction of electronic document management. A temporary project manager role to lead this transformation has been job evaluated. It is expected that savings from transforming the planning service would start to be generated from 2018 onwards.

2 COSTS AND TIMESCALES

- 2.1 A demonstration of the latest version of the software from Northgate took place on 26 January 2016. Subsequent to this demonstration, Northgate provided substantially discounted prices (based upon a five year agreement) for a full corporate deployment, including:
- Our current Support and Maintenance for 100 users;
 - Licences, Support and Maintenance for an additional 100 users (200 in total);
 - Microsoft Office Integration, Support and Maintenance for all 200 users;
 - New Retention and Redaction Module Licence, Support, Maintenance and Implementation;
 - Full Idox Uniform Development Control Integration Module Licence, Support, Maintenance and Implementation; and
 - A total of 11 days consultancy and project management.
- 2.2 This resulted in Northgate costs comprising an upfront one-off cost of £32,032 and yearly billing of £22,872, giving a total contract value of £146,392 over the five year period.
- 2.3 The District Council's current yearly billing (without any modification to the package or additional support or maintenance) would be approximately £19,098 annually, or a total of £95,492 over five years.
- 2.4 Given this information, and adding in the estimated costs of equipment and project management, total costs for the project can be detailed as follows:

	One Off Costs	Annual Costs	Total Over 5 Years
New Licences & Modules:	£32,032.25		£32,032.25
24 month Project Manager:	£83,352.00		£83,352.00
New Imaging Equipment:	£30,000.00		£30,000.00
Additional Support Costs:		£3,773.59	£18,867.95
Existing Support Costs:		£19,098.20	£95,491.00
Total:	£145,384.25	£22,871.79	£259,743.20

2.5 It has been known since the project inception that the one off setup costs would be treated as capital expenditure, and a sum of £50,000 was set aside in the Information Technology Fund to this end. Now that a detailed and accurate picture of the project costs are known this leaves a shortfall of around £95,000 to meet the initial (capital) costs.

2.6 Whilst these costs may seem high, it should be noted that this is a corporate system, fully licensed for use across the authority, in every department and section. The costs also include support from a Project Manager, which is considered essential to ensure the benefits of investing in EDMS are realised, that the implementation of EDMS runs effectively, and that day-to-day operations in Development Management are not affected during the implementation period.

2.7 In terms of potential benefits, Electronic Document Management is the 'keystone' of the transformation agenda. It consolidates and adds to the security of the information held by the District Council. EDMS is fundamental to unlocking new ways of working, driving cultural change and providing efficiencies in the longer term. It enables full compliance with policies on document management and retention without requiring large amounts of officer time.

3 RISK ASSESSMENT

3.1 Legal

As the contract value exceeds £25,000 yet is below the EU Procurement threshold, it has been necessary for the District Council to perform a due diligence exercise in the open market to establish whether or not there are alternative providers, other than Northgate, who can deliver the same products and services which are compatible with the Council's existing EDMS and at a competitive rate. Subject to the findings of this exercise revealing that there are no alternative providers, and District Council's minuted agreement to waive the Contract Standing Orders on this occasion, the legal risks at this stage are considered to be low.

3.2 Financial

As stated in the body of the report, initial (capital) costs for this project (Option 1) are £145,384.25. The current capital programme includes £50,000 for

EDMS. If this committee approves this proposal, the additional £95,384 that is required to finance it will need to be considered by Council in June 2016 alongside other capital schemes. The financial risk is assessed as medium in this respect.

If the Council does not have systems that assist officers in complying with data protection and information governance legislation, there is a risk of incurring a substantial fine. EDMS will reduce that risk.

3.3 Corporate Risk

The risks of not implementing EDMS are considerable in the longer term. Without effective access to digital information, departments and officers will remain tied to paper based processes and outdated working practices; the security of information held by the authority will be compromised; and the abilities of residents to access services and information in the digital realm will be severely limited. EDMS will reduce these risks.

4 OTHER CONSIDERATIONS

- 4.1 In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

EDMS GR report June 2016 FINAL.docx

CONTACT INFORMATION

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BACKGROUND PAPERS

None

ATTACHMENTS

Appendix 1 Business Case, Electronic Document Management System, March 2016

BACK TO AGENDA

BRIEFING NOTE TO CLT - Tuesday 22nd March 2016

Prepared by: Ian Brailsford, Business Transformation Assistant

BUSINESS CASE – ELECTRONIC DOCUMENT MANAGEMENT

The last Transformation Hub update to CLT was on the 8th March 2016. As a result of the actions arising from this meeting a new business case for EDMS was requested and has been prepared (see below).

The purpose of this briefing note is to seek approval from CLT for that Business Case and ask that a decision be reached on the scale and mode of the implementation of EDMS within the authority.

The Administration Service Review report stated that the Transformation Hub be recommended to:

- Procure a document management system with workflow that links to and integrates with existing back office systems;
- Evaluate the current Northgate EDMS

Subsequently, and as a result of these recommendations:

- A detailed EDMS options appraisal was carried out by the Transformation Team (the sub-group was led by Karen Henriksen) and approved by CLT in February 2014, and again in March 2015.
- EDMS was approved by Corporate Committee on 20 March 2014, subject to a business case being approved by CLT, and has remained a core feature of the District Council's transformation programme since.

Currently the Northgate Information@Work EDMS is already used in the Planning and Revenues and Benefits sections. These sections began implementation of the system in 1998. Revenues and Benefits are heavily reliant on the system, it being the channel through which all their documentation is input and the basis of all their workflow. Planning have historically used it as a depository of all documents that they upload to the website for public viewing.

Our current support and maintenance agreement with the incumbent supplier (Northgate) will expire on the 31st April 2016.

They have made us a substantially discounted offer over a 5 year period in order to provide an incentive to retain and develop their product as a fully corporate system. They have also provided individual prices for all the various elements required. This information and identification of the other additional costs outside the scope of the agreement such as project management and new imaging equipment enable us to build accurate costs for the project.

At time of writing there are a number of options open to us:

- Option 1 (purchase all licences now) costs £164K extra over 5 years (equivalent to £33K per annum). This includes everything required to deploy EDMS at a corporate level.
- Option 2 (phased purchasing) costs £118K extra over 5 years (equivalent to £24K per annum). This includes just those elements required to enable EDMS deployment in Development Management.
- Option 3 (purchase alternative system) costs at least £300K extra over 5 years (equivalent to £60K per annum). The costs and timescales required would be very significant indeed and disruption to services in Planning and Revenues and Benefits would be a virtual certainty.
- Option 4 (do nothing) no additional costs but approx. £20K per annum support fees would still be applicable for the existing installation.

BUSINESS CASE

Project Name:	Electronic Document Management System
Project Sponsor:	Caroline Leatherday
Prepared by:	Ian Brailsford
Date:	10 th March 2016

Background

An EDMS provides two basic office functions. Firstly, it works as desktop electronic archive. In theory, all documents, regardless of format (including emails), are stored in an electronic repository, indexed for ease of search, assigned a retention period and then are made available for use. Secondly, EDMS are used to minimize paper workflows within the office; a properly implemented EDMS should enable workers to create, edit, route and approve documents without using paper.

The need to identify and develop more modern and efficient ways of working and increase investment in information technology has been indicated by:

- The Peer Challenge carried out in July 2013;
- Senior Managers and staff;
- The Administration Service Review.

The Administration Service Review report stated that the Transformation Hub be recommended to:

- Procure a document management system with workflow that links to and integrates with existing back office systems;
- Evaluate the current Northgate EDMS

Subsequently, and as a result of these recommendations:

- A detailed EDMS options appraisal was carried out by the Transformation Team (sub-group led by Karen Henriksen) and approved by CLT in February 2014, and again in March 2015.
- EDMS was approved by Corporate Committee on 20 March 2014, subject to a business case being approved by CLT, and has remained a core feature of the District Council's transformation programme since.

Currently the Northgate Information@Work EDMS is used in the Planning and Revenues and Benefits sections. These sections began implementation of the system in 1998. Revenues and Benefits are heavily reliant on the system, it being the channel through which all their documentation is input and the basis of all their workflow. Planning have historically used it as a depository of all documents that they upload to the website for public viewing.

Many other councils use document management systems and different councils use different systems, with some having adopted a 'corporate' system, some using systems only for specific services, and some even using more than one document management system.

Given the level of capital expenditure that would be required and the amount of investment already undertaken by Revenues and Benefits and Development Management, it is simply not practical to countenance a wholesale replacement of the current incumbent system with a solution from an alternative provider at this stage. This business case has therefore been produced to demonstrate the outcomes and costs of supplementing and developing the Northgate Information@Work system.

Objective(s)

The EDMS project aims to provide a fit for purpose enterprise-scale document imaging solution for all departments. While each new implementation phase will have its own unique needs, the core goals of each will include:

- The ability to scan and index paper documents;
- Provide desktop retrieval with enhanced search capabilities;
- Integration with existing business information systems;
- Improving document security and safety;
- Reducing dependency on paper and associated paper storage;
- Introducing and implementing effective workflow processes;
- Produce savings.

The solution needs to be capable of meeting the long-term strategic needs of the entire authority, while allowing a multi-phase approach to full implementation.

Key needs to be addressed by the project include:

- Store and manage the large volume of information received and retained by Council departments;
- Act upon the environmental goals of the authority;
- Streamline access of existing information, including the ability to seamlessly link documents from the EDMS to existing back office systems;
- Add efficiencies to the current business processes;
- Provide the ability for distributed document capture across departments;
- Enable end-users to access, annotate and redact documents securely and safely;
- Decrease dependency on paper records and paper document storage devices and services;
- Reduce the number of lost and/or misplaced files and documents;
- Consistently destroy records in accordance with records disposition schedules;
- Enable multiple versions of scanned documents and MS Office documents
- Train and develop in-house resources capable of deploying and supporting the system in the longer term.

Scope

The scope of the project extends to the provision of appropriate consultancy for project management (if required), devising specifications and commissioning of equipment and hardware, installation, configuration, training and software support services and on-going maintenance required to ensure the successful implementation and operation of the system, in accordance with the relevant statutory and regulatory provisions and the working practices of the entire authority.

Deliverables (Outputs)

The purpose of this project is to implement and develop the incumbent Northgate Information@Work electronic document management system in ways that will allow for more efficient ways of working and generate savings for the Council whilst improving services.

Benefits/outcomes

The introduction of an EDMS offers the opportunity for a significant reduction in staffing costs as a result of more efficient ways of working. It will incorporate large savings on photocopying and paper costs throughout the authority. There are additionally significant savings and efficiencies to be derived from the change in working practices that EDMS will enable – mobile/agile working will become a tangible reality as employees really do have access to all necessary information and documentation at home or in the field for the first time by digital means.

Reduced need for physical storage space

The expansion in use of EDMS within the Council will provide a corporate secure storage facility for all types of document and communication. The advantages are less reliance on paper records which will in turn create less need for physical storage space. This will be a key consideration as the authority looks to make better use of the floor space available within the building and elsewhere.

The roll out of the EDMS will provide a corporate platform for the storage of documents and records in an electronic format. The deployment of EDMS as detailed in this business case will prevent the continued growth of existing physical filing and storage systems but will not in itself remove the need for physical storage space already in existence. Not all such records will require archive ('back') scanning and any records which are no longer required to be kept could be destroyed in accordance with the Council's document retention and disposal guidelines.

Improved access to information

Electronic storage of documents within the EDMS will assist retrieval of records and information and reduce the possibility of documents and correspondence becoming lost or degraded. The EDMS will also allow electronic documents to be accessed by multiple users simultaneously whilst never being removed from the filing system.

Robust user security permissions will ensure that access to sensitive or confidential information is restricted. Improved access to information will not only prove beneficial to staff within services in dealing with their day to day workloads but also to customers and elected members as staff will be able to respond to questions more quickly. For example, all incoming correspondence (paper will be scanned at point of receipt by the Document Management Team) will be routed electronically to service areas via the workflow elements of the system. This will include all official complaints and requests for information.

These service requests can then be viewed by anyone with the appropriate access rights (which, for example could include Customer Services staff) together with details of the Officer who is dealing with the request and any response which has been made. This can all be done from any computer with a connection to the corporate network by anyone with the appropriate access rights. The EDMS will also enable managers to produce reports on work allocations and status within the workflow system.

Reports available could include (but are not limited to):

- Section performance broken down by correspondence type
- Section performance for a selected correspondence type
- Section performance broken down by sender type
- Officer performance broken down by correspondence type
- Officer performance for a selected correspondence type
- Outstanding documents broken down by Officer
- Overdue correspondence (ordered by Officer)
- Overdue correspondence (ordered by amount overdue)

Supports flexible working

EDMS enables case records and files to be securely accessed off-site at any supported location with a connection to the internet and remote access; it also supports 'hot desking' arrangements within council buildings.

Supports online service provision

EDMS allows public registers and information to be made available electronically via the internet. The planning service's use of the Information@Work EDMS is a good example of an end to end e-government solution that provides public access to planning application documentation. Public Access is the online module which links to the Council's planning application processing software (Uniform). Planning applications are received as a variety of electronic and hard copy documents but all are held within the Council's EDMS and made available to the public for viewing via Public Access in a single format which is easily viewable by all users (PDF). The system also enables representations to be submitted online and these are automatically imported into the EDMS and referenced in Uniform. Widening the scope of the EDMS will enable similar functionality to be developed for other services.

Promotes efficiency savings

The system will enable the production of accurate performance data by matching incoming service requests against responses electronically without the need to keep separate post record books, copy letter files etc. providing managers with the tools to monitor performance and workloads on a more efficient and effective basis. The EDMS system will enable all forms of documentation to be stored, either by direct import in respect of electronic data and communications (Emails, word processed documents and reports, spreadsheets, video/voice recordings etc.) or by converting paper records to electronic form by scanning and indexing. The EDMS system will have the capability to interface directly with the Council's primary business systems (e.g. planning environmental health, waste management, development management, building control, planning policy, tree preservation orders, listed buildings, enforcements, licensing, estates management, land and property gazetteer) so enabling users of these primary business system to view documents held within the EDMS directly from within their own software solution. Functionality for integration with IDOX Uniform systems is included within this project.

The system will also provide the potential to develop similar links to the Council's other primary business systems but development of such interfaces is not included in the current project and will depend on suitable interfaces existing or being developed between systems at additional cost.

Enables electronic routing of documents

Workflow is a tool for moving electronic documents around the organisation and between staff members in order to complete a task. Process based workflow is concerned with the automatic routing of documents and is used in instances where actions can be automatically triggered by certain criteria being met. People based workflow allows the routing of documents by requiring a member of staff to determine allocation (much as with any existing manual processes). The advantages it brings are around speed of document allocation (immediate rather than waiting for paper to be picked up from point A and delivered to point B), security of delivery (documents cannot become 'lost') and control (managers can view workloads allocated to individual officers or teams, produce performance information, re-allocate work etc.).

Promotes good records management practice

Records management is the practice of identifying, classifying, archiving, preserving, and destroying records. Developing this side of the solution would enable document retention and disposal policies to be properly executed and recorded. This will enable the Council's existing document retention and disposal guidelines to be fully adhered to and will ensure that the Council can retain documents held within the

EDMS in compliance with its requirements.

Benefits/outcomes – other improvements

The impact that the successful implementation and development electronic document management will have on all services will be wide reaching and significant. The potential to generate further savings and improvements through efficiencies, changing work patterns and restructuring of existing processes and workflows in every department and service area is massive.

Project timescale estimate

Implementation Phase <i>(times/dates)</i>	Appointment of project manager/implementation consultancy Determination/identification of hardware and system software requirements Training of Key Staff Development of training program Roll out to pilot areas/initial services Evaluation/Review of pilot(s)
Development <i>(times/dates)</i>	Prioritise/identify service areas and develop deployment plan Commence rolling service out to other departments

Resources required

The resources required to effectively implement EDMS will be considerable. This will include financial sums, time and the buy-in of all Derbyshire Dales staff and our partner organisations.

Due to the complexity and extent of this project it will not be feasible to roll out EDMS functionality to all services in a single operation. It will be necessary to draw up a roll out plan on a service by service basis, beginning with predetermined pilot areas. The system will be configured to work on a corporate basis, ensuring that all relevant categories and document types are present in accordance with corporate specifications that can then be customised to meet individual departmental requirements. This will enable paper documents to be scanned into the system from the onset out allow for transition from paper based working to electronic working on a phased basis. Phasing implementation by service area will enable time to be allocated to getting each service up and running and will facilitate transfer of knowledge and skills from the implementation team to the relevant service areas.

There are two options identified for the deployment of EDMS.

‘One-hit’ Corporate Implementation

A demonstration of the latest version of the software from Northgate took place on the 26th January 2016. Subsequent to this demonstration prices were provided based upon a 5 year agreement for a full corporate deployment, including:

- Our current Support and Maintenance for 100 seats;
- Licences, Support and Maintenance for an additional 100 seats (200 in total);
- New Office connect Licences, Support and Maintenance for all 200 seats;
- New Retention Module Licence, Support, Maintenance and Implementation;
- Full Idox Uniform Development Control Integration Module Licence, Support, Maintenance and Implementation; and
- A total of 11 days consultancy and project management.

This resulted in an upfront one-off cost of £32,032.25 and yearly billing of £22,871.79, a **total contract value of £146,391.20 over the 5 year period.**

Our current yearly billing without any modification to the package or additional support or maintenance will be approximately £19,098.20 annually or £95,491.00 over 5 years.

Given this information we can build up some fairly accurate costs for the project:

	One Off Costs	Annual Costs	Total Over 5 Years
New Licences and Modules:	£32,032.25		£32,032.25
24 month Project Manager:	£83,352.00		£83,352.00
New Equipment:	£30,000.00		£30,000.00
Additional Support Costs:		£3,773.59	£18,867.95
Existing Support Costs:		£19,098.20	£95,491.00
Total:	£145,384.25	£22,871.79	£259,743.20

Total Annual Costs based on 5 Year Proposal (including existing support)

1 st Year Costs:	£126,580.04
2 nd Year Costs:	£64,547.79
3 rd Year Costs:	£22,871.79
4 th Year Costs:	£22,871.79
5 th Year Costs:	£22,871.79
Total:	£259,743.20

This is an aggregate *total* cost of **£51,948.64** annually for the first 5 years.

Additional/New Costs based on 5 Year Proposal (excluding existing support)

1 st Year Costs:	£107,481.84
2 nd Year Costs:	£45,449.59
3 rd Year Costs:	£3,773.59
4 th Year Costs:	£3,773.59
5 th Year Costs:	£3,773.59
Total:	£164,252.20

This is an aggregate *additional* cost of **£32,850.44** annually for the first 5 years.

We have known since the project inception that the one off setup costs would be treated as capital expenditure and a sum of **£44,232.00** was set aside in the Office Technology Fund to this end. Now we have a reasonably accurate picture of the project costs we know that this leaves a shortage of around **£101,152.25** to meet the initial costs.

As stated above, the total value of the 5 year contract with Northgate would be **£146,391.20**. Whilst not meeting the current EU Procurement threshold it is well above the £25,000 local threshold which would

normally require a competitive tender process.

This would leave us in the very strange position where we would be obliged to carry out a full procurement exercise for additional services and support to supplement an existing system that only one provider (the incumbent supplier) can actually provide.

Procurement advice specific to this exercise is being sought from the Legal Section who are investigating our options; there may be provision in the original contract to extend and introduce new elements. Additionally Regulation 72 of the Public Contracts Regulations 2015 may be of some assistance. Investigation has also shown that there is a framework option via the Crown Commercial Services (RM1042, Lot 5) but direct award is not available and some form of open exercise would still be required.

Phased Implementation

It may be financially prudent to adopt an alternative and incremental implementation process in phases. This would allow the new functionality to be successfully embedded and tested in some services before being deployed in others.

Additional prices were provided for the new modules and support on an individual basis which raises the possibility of a phased implementation entering into separate agreements for new functions over time, for example:

Phase One

- Renegotiate annual support and maintenance
- Purchase Uniform integration
- Deploy EDMS in Development Management

Phase Two

- Purchase retention module

Phase 3

- Purchase Office Connect for 100 seats

Phase 4

- Purchase Additional Licences
- Deploy to remaining departments

Individual Element Pricing

Licences for 100 seats

License	£34,000.00
Support per year	£6,800.00
Total For 1 Year	£40,800.00

Office Connect for 175 seats

	License	£11,375.00
	Support per year	£2,275.00
	Total for 1 year	£13,650.00
Retention Module	License	£5,800.00
	Support per year	£1,160.00
	Service 5 day	£4,250.00
	PM 1 day	£1,000.00
	Total for 1 year	£12,210.00
Uniform Integration Module	License	£6,600.00
	Support per year	£1,320.00
	Service 5 day	£5,100.00
	PM 1 day	£1,000.00
	Total for 1 year	£14,020.00

Using these example prices the initial costs to deploy EDMS fully in development management (including the Uniform integration module, associated consultancy and project management from the provider and additional imaging hardware) can be identified as an individual phase (costs identified here over 5 years for comparison purposes):

	One Off Costs	Annual Costs	Total Over 5 Years
New Licences and Modules:	£6,600.00		£6,600.00
24 month Project Manager:	£83,352.00		£83,352.00
Consultancy/Project Costs:	£6,100.00		£6,100.00
New Equipment:	£15,000.00		£15,000.00
Additional Support Costs:		£1,320.00	£6600.000
Existing Support Costs:		£19,098.20	£95,491.00
Total:	£111,052.00	£20,418.20	£213,143.00

Total Annual Costs based on 5 Year Proposal (including existing support)

1 st Year Costs:	£48,118.20
2 nd Year Costs:	£20,418.20
3 rd Year Costs:	£20,418.20
4 th Year Costs:	£20,418.20
5 th Year Costs:	£20,418.20
Total:	£213,143.00

This is an aggregate *total* cost of **£42,628.60** annually for the first 5 years.

Additional/New Costs based on 5 Year Proposal (excluding existing support)

1 st Year Costs:	£29,020.00
2 nd Year Costs:	£1,320.00
3 rd Year Costs:	£1,320.00

4 th Year Costs:	£1,320.00
5 th Year Costs:	£1,320.00
Total:	£117,652.00

This is an aggregate *additional* cost of **£23,530.40** annually for the first 5 years.

Risk Assessment

Description of risk	Impact	Likelihood	Score	Mitigating measure
Disruption to services during the implementation, resulting in poorer service to customers and the possibility of services under-performing against Key Performance Indicators	4	3	12	Produce an implementation methodology; plan a phased roll-out to avoid peaks in service workloads.
Staff resistance to working with the new system (entrenched working practices, concerns over job security and perceived lack of computer literacy) meaning that the EDMS is not fully utilised and efficiency savings are not fully achieved	5	3	15	Good communication plan to explain the process and changes; good training plan.
Lack of clarity over responsibilities	3	2	6	Identify key personnel and their responsibilities
Operational staffing levels are insufficient	4	3	12	Re-allocate workloads; plan roll-out to avoid peaks in service workloads.
Lack of a clear vision and strong leadership, and a 'Champion' or team to drive the project forward	3	4	12	Appoint a project leader who has clear vision and strong leadership, use employees from the Business Support Team to act as 'Champions' to give support and advice to users
Lack of proper implementation plan, which should include a training plan and a communication plan	3	2	6	The Project Team should develop a proper implementation plan, which should include a training plan and a communication plan
Inadequate equipment and / or a lack of support from system providers, ICT service or equipment provider(s) during and after implementation	3	2	6	Identify hardware requirements prior to roll-out, assess their implications; consider maintenance contracts or similar cover
Supplier is unable to meet the timescale for implementation	2	3	6	Place orders as soon as possible so that consultancy & training will be available when required
Supplier goes into liquidation	4	1	4	Ensure that an Escrow agreement is in place

Funding is insufficient to achieve objectives (or higher than planned) and / or anticipated savings are not realised	3	2	6	Accurate estimate of costs with contingency for unforeseen issues; adequate monitoring against the estimate; require proven business cases for back-scanning and interfaces
Loss of key EDMS skills	3	3	9	The Business Support Manager will ensure that key skills are retained
Inadequate file storage space for users' future demands	3	3	9	Prepare estimate of disc space required (with allowance for future needs) and liaise with ICT Service to ensure that adequate provision will be available
Lack of DDDC staff to implement the project	5	2	10	Ensure that the project has the support of CLT and is given a high priority.
Lack of ICT staff to implement the project	5	2	10	Ensure that the project has the support of CLT and is given a high priority. Plan the implementation in conjunction with the ICT Service, to take account of any other projects that are ongoing and the available resources / skills.
Lack of suitable equipment e.g. PCs, monitors, scanners	5	1	5	Seek advice from system supplier, ICT Service, managers and users and consider the experience of other Councils to identify the equipment that is needed. Present a business case to support the investment.
Lack of support from software supplier to resolve problems	5	2	10	Ensure that the service is properly specified with a requirement for support and training.
Difficulties in re-engineering the business processes, especially lack of buy-in from employees and managers who could benefit from using the new system	5	3	15	Engage in a communication exercise throughout the project that will emphasise the key benefits of a move to EDMS. Use the pilot team to explain the process to other colleagues. Where structural changes or changes in working practices are required, work with managers and HR to implement the process, involving users at key stages (link with Administration Review) Ensure that the new system is intuitive and easy to use & provide suitable training.

Efficiency savings not realised	5	2	10	Ensure that the project is fully costed at the outset to minimise the risk of unexpected costs. Ensure that there is no dual running of new and old systems (other than for a very brief period during implementation), which would actually increase costs. Implement policies to support the new ways of working e.g. no printed copies of documents except in specific circumstances.
Deterioration of service quality during the project implementation	5	1	5	Use a pilot service area to create a 'tried and tested' implementation methodology, which can be rolled out in a phased approach to other services. Liaise with service managers to ensure that EDMS is rolled out to their service at a time that is convenient to them i.e. avoids peak workloads.

CLT evaluation and comments

CLT Approval

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BACK TO AGENDA