



ANNUAL GOVERNANCE STATEMENT 2022/23

1. Introduction

This Annual Governance Statement explains how Derbyshire Dales District Council has complied with its own code of corporate governance and against guidance on best practice*.

Corporate governance is about making sure that the council is run properly. It relates to the systems, processes, values and culture which ensure that the Council develops, delivers and reviews the services it provides, works collaboratively and engages with and leads the community it serves. It is about trying to achieve the Council's objectives while acting in the public interest at all times. This means carrying out business so that the Council:

- operates in a lawful, open, inclusive and honest manner;
- makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- has effective arrangements for the management of risk;
- secures continuous improvements in the way that it operates.

Good corporate governance ensures that the Council meets its published objectives whilst also assessing whether those objectives have delivered the services at an appropriate cost. It consists of the systems, controls and procedures that ensure that certain desirable activities happen or that undesirable events are avoided. It cannot and does not set out to eliminate all risks in relation to the failure to deliver policies and objectives as this is neither achievable nor desirable. It can therefore only provide a reasonable level of assurance, based on an assessment of the likelihood and the potential impact of risk to the achievement of the Authority's stated objectives, balanced with the resources available to deliver those objectives.

The Authority has published a Code of Governance which sets out the seven key principles of good governance to which it aspires. It sets out the main principle of good governance and the means of demonstrating compliance for each of these principles. A copy of the current Code is available on the [governance page](#) of our website.

The processes being reviewed in this Statement have operated throughout the whole of the financial year ending 31 March 2023, except where stated, and will remain in operation up to the date of approval of the 2022/23 Statement of Accounts (expected by 15 February 2024). The key elements of the framework which are in place to meet the Council's responsibilities under the Code are set out in the following pages, together with an Action Plan (at the end of this statement) to identify any significant governance issues and explain how the Council will address them.

*The guidance applicable to 2022/23 is the CIPFA/SOLACE publication "Delivering good governance in local government", issued in April 2016.

2. How do we know that our arrangements are working?

The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government continue to be in a period of transition. The Council's Corporate Plan sets out its priority actions.

Every year a review of the effectiveness of the Council's governance framework is conducted by the Corporate Leadership Team, supported by officers from internal audit, financial services and legal. Consideration is also given to reports from internal and external audit and from other inspection bodies (e.g. the Local Government Ombudsman's Annual report and findings on individual complaints, Food Standards Agency assessments and peer reviews).

The focus of the review is to:

- collate and evaluate evidence of corporate governance arrangements;
- compare the evidence against the Council's Code of Corporate Governance and the CIPFA/SOLACE guidance*;
- identify areas requiring action, which are highlighted in the Action Plan at the end of this statement.

The governance review process includes:

- The consideration of the Statement of Accounts;
- The Internal Audit Annual Report, which includes the Internal Audit Consortium Manager's opinion on the overall adequacy and effectiveness of the Council's control environment;
- A review of compliance with the Council's Local Code of Corporate Governance with reference to CIPFA/Solace Guidance;
- An assessment of compliance with CIPFA's Financial Management Code;
- Sign off by the Leader of the Council and the Chief Executive, once approved.

On the basis of our internal review of the operation of the Governance Framework and our assessment against the provisions of the CIPFA/SOLACE Code, the arrangements for the 2022/23 financial year have been assessed as **COMPLIANT, with some planned improvements required**. This indicates that, in general, strong systems are in place but that there are some processes where further action is required.

Details of the review are set out in the following pages of this statement.

A success during 2022/23 is indicated by








Areas for improvement are highlighted by





This year **five** governance issues have been identified; the action plan outlined at the end of this statement summarises the areas of governance focus needed to maintain an effective governance framework in respect of these issues.




3. Did we meet the principles of Corporate Governance set out in our Code?

PRINCIPLE 1 - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ We have set out our priorities in our Corporate Plan; ➤ Our Codes of Conduct for members and employees set out clearly the standards that are expected, arrangements for reporting non-compliance and sanctions for any misconduct; ➤ Our values have been embedded in policies and processes; ➤ Our Contract Standing Orders require external organisations that provide services on behalf of the Council to act with integrity and in compliance with ethical standards expected by the Council; ➤ We make sure that employees and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements; ➤ We strive to optimise usage of the full powers available for the benefit of residents, communities and other stakeholders; ➤ We deal with breaches of legal and regulatory provisions effectively; ➤ We have effective arrangements to deal with incidents involving misuse of power; ➤ We have effective arrangements for the discharge of the head of paid service function. 	<ul style="list-style-type: none"> • Corporate Plan • Councillors' Code of Conduct • Report to Council (26/01/23) on Members Allowances from the Independent Remuneration Panel • Employee Code of Conduct • Planning Code of Good Practice • Protocol on Employee/Member Relations – Constitution • Constitution • Sponsorship Guidelines published on website • Risk Management Policy and Strategy • Risk assessments included in reports to committees and Council • Annual Complaints Report • Confidential Reporting (Whistleblowing) Policy • Anti-Fraud, Bribery and Corruption Policy • Corporate Enforcement Policy • Regulation of Investigatory Powers Act Surveillance Policy & Annual Report • Protocol on the Management of the Civic Allowance (part of the Constitution) • Inductions for new members and employees • Annual Performance and Development Reviews • Job Evaluation Panel 	<div style="text-align: center;">  <p>A Corporate Plan setting out our vision and improvement priorities for 2020 – 2024 was approved in March 2020 and reviewed in March 2022 when 27 specific targets were set for 2022/23. Progress against targets is monitored quarterly.</p>  <p>The Anti-Fraud, Bribery and Corruption Policy (including Money Laundering) was reviewed and updated during 2018/19. It was due for a review in 2020/21, but this has been deferred to 2023/24 due to resources being diverted to addressing the impact of coronavirus during 2020/21 and 2021/22 and subsequent backlog of work. A review is planned in 2023. This is not seen as a significant governance issue.</p> <p>Our internal audit reviews in 2022/23 have not identified any incidents of fraud. However, the number of reviews carried out has been fewer than usual due to vacant posts within internal audit. This means that that an audit opinion cannot be provided.</p> </div>



	<ul style="list-style-type: none"> • Complaints Policy • Employee recruitment, interview and selection procedure • Job descriptions • Compliance with CIPFA’s “Statement on the Role of the Role of the Head of Internal Audit” • Compliance with CIPFA’s “Statement on the Role of the Chief Financial Officer in Local Government” • Records of legal advice provided by officers • Monitoring Officer provisions • Procurement Strategy and Sustainable Procurement Policy • Information Governance Framework • Data Protection Policy • Contracts with service providers. • Reports from the Local Government Ombudsman & Annual Report to Governance & Resources Committee • Audit reports issued by Food Standards Agency (none issued in 2022/23) • Food Law Enforcement Service Business Plan (reported to Committee in September 2022) • The Chief Executive is the Council’s Head of Paid Service, who is supported in this role by the Corporate Leadership Team and the Human Resources Manager. 	<p style="text-align: center;"></p> <p style="text-align: center;">In September 2022 we approved a revised Procurement Strategy and a new Sustainable Procurement Policy for the period to 2026 to meet the Council’s commitments under the Climate Change Action Plan</p> <p style="text-align: center;"></p> <p style="text-align: center;">It has been identified that there is a lack of awareness amongst some employees of what is required to ensure compliance with Financial Regulations. Following the review of financial regulations and contract standing orders that will be raised and training, guidance and support provided.</p> <p style="text-align: center;"></p> <p style="text-align: center;">It has been identified that the Information Governance Framework and Data Protection Policy need a review.</p>
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PRINCIPLE 2 – Ensuring openness and comprehensive stakeholder engagement		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ Our Committee and Council meetings are open to the public and agendas, reports, minutes and video recordings are available on our website; ➤ The minutes of our meetings provide clear reasoning and evidence for decisions; ➤ The Council is compliant with the Openness of Local Government Bodies Regulations 2014; ➤ On our website we publish key performance indicators, financial information and details of the earnings, interests and activities of our Members and senior managers. ➤ We consult widely on our plans and use feedback to inform our decisions; we provide information in response to Freedom of Information requests wherever possible to do so under relevant law and outline any exceptions to this policy. We publish our Freedom of Information Policy and procedures. ➤ We operate clear and accessible arrangements for procuring supplies and services. ➤ We have regular meetings with larger Town and Parish Councils to ensure that we work more closely. ➤ We have a programme of forums / workshops to engage with local businesses. 	<ul style="list-style-type: none"> • Constitution • Corporate Plan • Reasoned decisions at quasi- judicial meetings • FOI Publication Scheme • Details of spending over £250 on website • Regulation of Investigatory Powers Act 2000 Policy • Data Protection Policy • Council and Committee decisions • Report templates with specific reasons for exemptions from publication • Web casting and recording of meetings • Public Participation Scheme • Area Community Forums • Market Traders Forums • Town and Parish Council Conference • Matlock Bath Illuminations Group • Council website • Calendar of meetings • Communications Strategy • Community & Engagement Strategy • Equality, Consultation and Engagement Plan • Equality and Diversity Policy • Annual Equality and Consultation Plan • Residents' Panel • Business Engagement Programme • Statement of Community Involvement • Record of consultations and use of 	<div style="text-align: center;">  </div> <p>During 2022/23 we received 716 Freedom of Information requests (up from 662 in 2021/22 and 621 in 2020/21). We responded to 600 FOI requests (84%), redirected 109 (15%) to Derbyshire County Council and 7 requests (1%) were withdrawn. Where requests were covered by exemption, we gave details of the exemption in our response; the most common reason for exemption (9 requests) was that the information was already accessible by other means.</p> <p>Contract Standing Orders and Financial Regulations were reviewed and updated in September 2022.</p> <p>The Equality and Consultation and Engagement Plan provides structured frameworks for the District Council's equality, consultation and engagement activities. Progress is reported to Council annually. A Residents Survey was undertaken throughout October and November 2021, using online and postal surveys, face to face interviews and responses from the Online Residents Panel. 1,818 responses were received, which is an increase of over 400% from 2020.</p>

	<p>feedback from consultations</p> <ul style="list-style-type: none"> • Contract standing orders • Financial Regulations • Procurement Strategy • Reasons for decisions recorded in all regulatory and quasi-judicial matters • All reports include options, consultations and risk assessments • Procurement decisions require a clear audit trail including reasons • All recruitment decisions are reasoned and recorded 	<p style="text-align: center;"></p> <p>The Local Government Association Peer Challenge team reported that the district council has a good understanding and appreciation of its local context and is focusing on continually improving local community relationships. The Council is also regarded as an effective leader of the district by partners who attest to the authority being a good partner to work with.</p> <p>The Local Government Association Peer Challenge team made several recommendations to address a series of challenges. In July 2020 the Council approved a Peer Challenge Action Plan to address these issues. Progress on implementing some aspects of the Action Plan has been delayed owing to officers focusing on other higher priority work during the coronavirus pandemic. However, the Peer Review Action Plan was reviewed and updated at Council on 25th November 2021 and in September 2022.</p>
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PRINCIPLE 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ We have set out our priorities, aims, vision and values in our Corporate Plan; ➤ We set key performance indicators for each year and monitor actual performance against targets; ➤ We have a medium-term financial strategy to ensure our financial sustainability; ➤ We operate an effective system of risk management; ➤ Our reports include options, consultation and timetables along with assessments of implications relating to policy, financial, resources, legal, equalities, climate change and risk management; ➤ We carry out equality impact assessments to ensure fair access to services. 	<ul style="list-style-type: none"> • Corporate Plan & Priorities • Service Plans • Community & Engagement Strategy • Equality, Consultation and Engagement Plan • Risk Management Strategy • Medium Term Financial Strategy • Annual Revenue Budget • Capital Programme & Prudential Indicators • Annual Governance Statement (part of the Statement of Accounts) • Annual Audit Report from external auditor includes as assessment of Value for Money; • Financial Regulations – Constitution • Contract Standing Orders – Constitution • Asset Management Plan • Climate Change Strategy and Action Plan • Equality Impact Assessments • Area Community Forums • Planning: Material Considerations • Committee Reports • Consultation feedback is taken into account at the point of decisions 	<p style="text-align: center;"></p> <p>We have a target to pay 99% of non-disputed supplier invoices within 30 days. In 2022/23 we paid 99.4% of non-disputed supplier invoices within 30 days – only 28 undisputed invoices were paid late.</p> <p style="text-align: center;"></p> <p>Working with our partner, Chesterfield Borough Council, we supported 22,404 households by paying a £150 energy rebates, totalling £3.36m</p> <p style="text-align: center;"></p> <p>There are risks associated with the Accountable Body status for the Levelling Up and UKSPF schemes. These risks are significant and have been assessed as ‘high’. Moreover, the staffing implications of managing the finances of such a large programme cannot be underestimated. To reflect this, a Programme Manager is in place for Ashbourne Reborn and UKSPF to co-ordinate required activities and reporting requirements for the Council. Further support is anticipated through the recruitment of a Claims and Monitoring Officer that will have appropriate LUF support responsibilities in addition to UKSPF activities.</p>

PRINCIPLE 4 - Determining the interventions necessary to optimise the achievement of intended outcomes.

How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ Our reports include options, consultation and timetables along with implications relating to policy, financial, resources, legal, equalities, climate change and risk management; ➤ We consult and use feedback from residents and service users when making decisions about significant service changes; ➤ We have strategic and operational plans, including a medium, term financial strategy, annual budgets, and service plans, that support the aims set out in the corporate plan; ➤ We set key performance indicators (KPIs) to identify how the performance of services and projects is measured. We include financial penalties in outsourced contracts that can be used when KPIs are not achieved. ➤ We consider and monitor risks facing each partner when working collaboratively, including shared risks ➤ We review service quality regularly ➤ Our medium term financial strategy integrates and balances service priorities, affordability and other resource constraints ➤ We aim to achieve 'social value' through service planning and commissioning. 	<ul style="list-style-type: none"> • Consultation and review of feedback including Area Community Forums • Risk Management Group & Risk Registers • Key Performance Indicators • Service Plans • Medium Term Financial Strategy Medium Term Financial Plan Budget preparation in accordance with agreed strategy and MTFP. • Budget guidance and processes, including revised estimates • Capital Programme process and working group • Annual Audit Report from external auditor • Confidential Reporting (Whistleblowing) Policy • Anti-Fraud, Bribery and Corruption Policy • Regulation of Investigatory Powers Act Surveillance Policy • Annual Review of Complaints • Calendar of meetings • Communications Strategy • Minutes of regular monitoring meetings with outsourced service providers including details of compliance with Key Performance Indicators 	<div style="text-align: center;">  </div> <p>We updated our Medium-Term Financial Strategy in March 2021 and our Medium-Term Financial Plan in March 2023. This was less frequently than usual owing to staff vacancies. The reduced frequency 2022/23 was not viewed as a significant governance issue. However, the Council's Medium Term Financial Plan needs to be updated more regularly during 2023/24 to reflect the impact of rising inflation and to show how the Council plans to address the budget gap for future years. See Principle 6 for further information.</p> <div style="text-align: center;">  </div> <p>The Local Government Association Peer Challenge team reported that through focused and prudent management, the Council has a strong financial position which provides a foundation for the council's future ambition.</p> <p>The draft External Audit Annual Report, issued in July 2022, did not identify a significant weakness in arrangements to identify significant financial pressures, to bridge funding gaps and identify achievable savings and to managing risks and gaining assurance over the effective operation of internal controls, including the prevention and detection of fraud.</p>

		<p>In 2020/21 we made a Declaration of Air Quality Management Area (AQMA) for nitrogen dioxide in relation to Buxton Road and St John's Street in Ashbourne. We continued to monitor air quality levels in 2021/22 and 2022/23. An action plan in response to the AQMA in Ashbourne has been in development and has been reported through the Community & Environment Committee. Public consultation on the draft action plan has been completed and will be reported to the Community & Environment Committee in September</p> <p>We have regular meetings with contractors who provide outsourced services.</p> <p>The leisure management contract with Freedom Leisure is monitored monthly for service standards and to discuss the monthly report. Quarterly meetings take place to discuss the overall contract performance. The year-end figure for participation was at 95% of normal operations, up from 91% in 2021/22, Ashbourne is up to 105% with ongoing work taking place to increase participation across all sites. No penalties were issued to Freedom in 2022/23.</p> <p>The revenues and benefits service is delivered by Chesterfield Borough Council under a Service Level Agreement. Monthly meetings are held to discuss key performance indicators and service issues. In 2022/23 Chesterfield Borough Council achieved all the key performance indicators in the Revenues and Benefits contract, except for those relating to in-year and prior year collection of council tax. These were impacted by the coronavirus pandemic and the Council's decision to take a light touch to debt recovery from March 2020 to August 2021.</p>
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There was a suspension of KPIs on the waste and recycling contract, in line with the suspension of services. This suspension of services related to the collection of food waste, which was suspended from 1 – 10 April 2022, so KPIs for food waste were suspended during this period.


Due to the disruption experienced on the contract, meetings and reviews of service performance are taking place on a more frequent basis than stipulated in the contract specification, including members of both District Council's and Serco's senior management team. Monthly Contract reviews with additional weekly reviews remain in place.


In addition, because of underperformance in 2022/23, the Council has applied the maximum number of financial deductions to the contract, and those penalties are yet to be paid as the Council has not received Year 3 billing data for approval to date.


A review of the arrangements for letting the waste contract was undertaken by an independent consultant during 2021/22. The findings were reported to Council in February 2022. The report recommendations include the following governance issues:

- To maintain and extend dialogue with the contractor to help manage contract behaviour and address outstanding issues and under performance;
- To resolve issues relating to incomplete management information and round optimisation;
- That the Corporate Leadership Team re-establishes a corporate approach to overseeing the critical success factors of implementing the contract, reacting to

		<p>unsatisfactory performance and advising Members of on-going options for future delivery;</p> <ul style="list-style-type: none"> • That a review of the corporate management capacity is undertaken to ensure that future transformational and modernisation projects are adequately resourced. <p>The report recommendations were implemented during 2022/23.</p> <p>A review of In-house feasibility of the waste contract was undertaken by an independent consultant during 2022/23. The findings are being considered by officers and are yet to be reported to Council in 2023.</p> <p style="text-align: center;"></p> <p>In 2022/23 we carried out public consultation exercises on:</p> <ul style="list-style-type: none"> • Conditions and outcomes for private landlords and tenants • Budget 2023/24 • Biodiversity Project • Customer satisfaction with three parks • Electric vehicle charging points • Residents' survey for Corporate Plan • Public Space Protection Orders • Community Safety • Car Parking • Matlock Bath Illuminations customer satisfaction. • Polling districts and polling places.
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		 <p>We have recognised that the loss of corporate organisational knowledge and experience aligned to increased staff turnover resulted in some budget monitoring policies and procedures not being implemented as robustly as is required during 2022/23. However, at the time of writing this AGS all senior posts in financial services had been filled. Engagement with budget holders is now more frequent and meaningful and improved budget monitoring reports are to be launched during 2023/24.</p>
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PRINCIPLE 5 - Developing the entity's capacity including the capability of its leadership and the individuals within it		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ We recognise the benefits of partnerships and collaborative working; ➤ All employees have an induction and an annual Performance and Development Review; ➤ We have a Member Code of Conduct, inductions and a Member Training and Induction Programme to ensure that elected and appointed leaders understanding their roles and the Council's objectives ➤ Our Constitution includes a Scheme of Delegation that sets out clearly the decisions that are delegated to 	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Member Development Scheme • Employee Development Scheme • Member Training and Development Programme • Annual corporate and vocational training plan agreed by CLT • Insight – Internal management development programme • Member Induction • Member Representative roles • Employee Induction • Job Descriptions and Person Specifications • Arrangements for succession planning 	 <p>We work collaboratively with other partners as follows:</p> <ul style="list-style-type: none"> • Chesterfield Borough Council delivers our revenues and benefits service and Internal Audit Management. • North East Derbyshire District Council provides our ICT service. • Derbyshire Building Control Partnership, which is made up of 8 local authorities, to deliver the local authority building control function.

<p>officers</p> <ul style="list-style-type: none"> ➤ The leader and the chief executive have clearly defined and distinctive leadership roles ➤ We take steps to consider the leadership’s own effectiveness and to ensure leaders are open to constructive feedback e.g., from peer review and inspections ➤ We encourage shared learning, including lessons learned from governance weaknesses both internal and external; ➤ There is a public participation session at the beginning of Council and Policy Committee meetings, ➤ We have arrangements in place to support the health and wellbeing of our employees. 	<ul style="list-style-type: none"> • Annual review of Scheme of Delegation, Contract Standing Orders and Financial Regulations • LOLA – internal training programme • Peer Reviews • Efficient use of systems and technology • Shared Learning: Notes of Management Meetings, Peer Reviews, Hubs, Benchmarking, Networking with other local authorities & through membership of organisations such as the Local Government Association. • Human Resource Policies • Employee counselling service • Work of Health & Safety Committee • Active Workplace Programme • Employee Group • Senior Management Team • Trade union recognition and consultation. • Carbon Literacy Training 	<p style="text-align: center;"></p> <p>Our Performance and Development Review action plans are linked to the priorities set out in our Corporate Plan.</p> <p>During 2022/23 the following mandatory training was undertaken by employees:</p> <table border="1" data-bbox="1335 454 2085 817"> <thead> <tr> <th>Course Title</th> <th>Numbers Attended</th> </tr> </thead> <tbody> <tr> <td>Safeguarding and Child Protection</td> <td>30</td> </tr> <tr> <td>Safeguarding Adults at Risk</td> <td>32</td> </tr> <tr> <td>Managing Health & Safety</td> <td>33</td> </tr> <tr> <td>Equality Act 2010</td> <td>32</td> </tr> <tr> <td>Display Screen Equipment</td> <td>20</td> </tr> <tr> <td>Data Protection (Foundation) 2020</td> <td>29</td> </tr> <tr> <td>Data Protection (Data Security) 2020</td> <td>30</td> </tr> <tr> <td>Prevent (Counter Terrorism (2021)</td> <td>32</td> </tr> </tbody> </table> <p>In addition:</p> <ul style="list-style-type: none"> • 15 new and aspiring managers undertook an in-house Management Development Programme (Dales Insight); • Circling Squares provided development to the Corporate Leadership Team; • The Corporate Leadership Team supported staff development through vocational and corporate training. 	Course Title	Numbers Attended	Safeguarding and Child Protection	30	Safeguarding Adults at Risk	32	Managing Health & Safety	33	Equality Act 2010	32	Display Screen Equipment	20	Data Protection (Foundation) 2020	29	Data Protection (Data Security) 2020	30	Prevent (Counter Terrorism (2021)	32
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The member training programme for 2022/23 was delivered containing the following items:



Course Title	Numbers Attended
Annual Planning Training	13
Licensing and Appeals Training	7
Modern.Gov App and Extranet Training	17
Safeguarding Training	6
Scrutiny Training	8
Data Protection Training	11

In 2021/22 we had 18 leaders/senior officers and 3 councillors certified as Carbon Literate by the Carbon Literacy project. We have a programme in place for carbon literacy continuing training. In 2022/23 a further 6 senior leaders/Members attended Carbon Literacy training.



ICT security awareness ICT security awareness training is mandatory for new employees who use ICT and it has to be refreshed every 2 years by all ICT users. In 2022/23 216 ICT users, including staff and Members completed the ICT Security Awareness training. Reminders have been sent to the 31 officers and 17 councillors who have not yet completed the training.

PRINCIPLE 6 - Managing risks and performance through robust internal control and strong public financial management		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ We have robust arrangements for risk management including a Risk Management Group that meets regularly to review Strategic Risks; ➤ Our risk management strategy and policies on internal control are aligned with corporate priorities; ➤ The risks associated with delivering services through third parties are set out in our risk registers; ➤ We have arrangements in place to prevent fraud, bribery and corruption; ➤ We encourage effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making ➤ We provide members and senior managers with regular reports on service plans and on progress against Key Performance Indicators; ➤ We report on a consistent basis between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). ➤ The Internal Audit Consortium Manager produces an Annual Report that provides an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control; 	<ul style="list-style-type: none"> • Risk Management Strategy • Risk Management Group • Strategic and Service Risk Registers • Risk Management Annual Report • Risk assessment of all Committee/Council decisions • Internal audit and reports • External audit and reports • Annual Governance Statement • Financial Regulations • Contract Standing Orders • Transparency & Open Source Data • Medium Term Financial Strategy & Medium Term Financial Plan • Anti-Fraud, Bribery and Corruption Policy • Treasury Management Strategy • Regular budget reporting and income monitoring (revenue and capital) • Regular reporting on service plans and performance against KPIs • Information Governance Framework & Strategy • Designated Data Protection Officer • Data protection policies and procedures • Information sharing agreements • Data Privacy Impact Assessments • Procedure for Data Protection Security Breaches 	<p style="text-align: center;"></p> <p>The external auditor's Annual Report for 2021/22 was issued in June 2023. In respect of Value for Money arrangements, the report states "No significant weaknesses in arrangements were identified and there are no recommendations from our work."</p> <p>During 2022/23 we made improvements to our budget monitoring reports and monitoring related to the capital programme.</p> <p>During 2022/23 the Corporate Leadership Team received monthly reports showing major revenue income streams against budget.</p> <p style="text-align: center;"></p> <p>The External Auditor's Audit Completion Report for 2021/22, presented to the Governance and Resources Committee in July 2023 identifies three significant audit risks:</p> <ul style="list-style-type: none"> • Management override of controls; • Risk of an error in the valuation of the net defined benefit pension liability; • Risk of an error in the valuation of property, plant and equipment. <p>At the time of writing this AGS, the testing has not been completed and there is no evidence to show that controls are not effective.</p>

<ul style="list-style-type: none"> ➤ The Governance and Resources Committee provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; ➤ The Governance & Resources Committee monitors the implementation of recommendations from internal audit reviews. ➤ The Council has an Information Governance Framework and Strategy that sets out the arrangements to ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data ➤ We review and audit the quality and accuracy of data used in decision making and performance monitoring ➤ Our financial management arrangements support both long term achievement of outcomes and short-term financial and operational performance ➤ All reports to Council and policy committees include a financial risk assessment. 	<ul style="list-style-type: none"> • Checks on access to data and systems • ICT systems patched regularly & kept up to date 	<div style="text-align: center;">  </div> <p>A report to the Governance & Resources Committee in July 2023 indicated that the audit plan for 2022/23 has not been fully completed (see principle 7 below). This follows a similar report for 2021/22. The reduced number of audits completed was because the work of the senior auditor was redirected onto business support grant work during and after the coronavirus pandemic in 2021/22, followed by the resignation of the two employees in internal audit in June / July 2022 and subsequent difficulties in filling the vacant posts. A Senior Auditor was appointed from May 2023 and an Auditor from July 2023. While the team is now fully staffed, the delivery of the 2023/24 audit plan will be adversely impacted. Therefore, a revised audit plan for 2023/24 is due to be presented to the Governance & Resource Committee in November 2023</p> <div style="text-align: center;">  </div> <p>The Council's Medium-Term Financial Plan identifies a potential budget gap in future years. To mitigate this risk, the Council has a Medium-Term Financial Strategy and Medium-Term Financial Plan in place. However, the Council's Medium Term Financial Plan needs to be updated to show how it plans to address the budget gap for future years. Rising inflation will significantly increase the budget gap, though this could be partially offset by increased income from investments arising from higher interest rates and improved treasury management. Therefore, the</p>
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MTEP will be kept under review by the Corporate Leadership Team and an action plan will be developed to maintain a sustainable balanced budget.

Significant changes in Local Government finances are due to take place over the next few years, which will culminate in a major change in the way Local Government is financed in future. It is expected that the Local Government Finance Settlement, due in late 2023, will bring more certainty for 2024/25 but there will still be uncertainties and difficulties in financial planning in the medium term. A parliamentary election is due in 2024, bringing more uncertainty. It is now expected that the outcome of the government reviews - Fair Funding Review and the Business Rates Retention Baseline Review - will be delayed by government and changes will not be introduced until 2026/27. The Medium-Term Financial Plan will be updated. As a further mitigation measure, the Council has reserves and balances that could be used to balance the budget for 2024/25 and 2025/26 while a savings plan is developed and the Medium-Term Financial Plan is updated to ensure that subsequent budgets are financially sustainable over the medium term.





The standards set out in CIPFA's Financial Management Code apply from 2021/22. A baseline assessment reported to the Governance and Resources Committee in March 2021 indicated that there were six principles /

standards identified as less strong, with a need for improvement and action; an action plan is in place, but little progress was made in 2021/22 due to staffing resources being diverted to additional work arising from the coronavirus pandemic and in 2022/23 due to vacant posts. It is expected that the outstanding actions will be addressed in 2023/24. None of the issues have been identified as significant governance issues. See separate section below.



In 2022/23 weaknesses were identified in the arrangements for ensuring that systems are in place to meet grant conditions. In September 2022 Financial Regulations were strengthened in this regard. However, employee awareness still needs to be raised.

We have recognised that the loss of corporate organisational knowledge and experience aligned to increased staff turnover resulted in some budget monitoring policies and procedures not being implemented as robustly as is required during 2022/23. However, at the time of writing this AGS all senior posts in financial services had been filled. Engagement with budget holders is now more frequent and meaningful and improved budget monitoring reports are to be launched during 2023/24.

PRINCIPLE 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> ➤ Our reports are written in a style avoids jargon and can be understood by the public; ➤ Our reports and minutes of meetings are available on our website; ➤ We prepare an Annual Governance Statement that reports on compliance against our corporate governance framework; ➤ Our financial statements are prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations ➤ The Governance & Resources Committee undertakes the core functions of an audit committee and ensures that recommendations for corrective action made by external audit are acted upon ➤ We have an effective internal audit service where the Internal Audit Consortium Manager has direct access to members to provide assurance with regard to governance arrangements and that recommendations are acted upon ➤ We welcome peer challenge, reviews and inspections from regulatory bodies ➤ We have clear governance arrangements in place for partnership arrangements 	<ul style="list-style-type: none"> • Annual report on Service plans and performance management • Annual review of Corporate Governance framework • Annual Governance Statement • Review of actions recommended by internal audit service • Statement of Accounts • Audit Strategy Memorandum and Annual Audit Letter from External Auditor • Anti-fraud, bribery and corruption policy and reporting • Data Protection Officer and two Information Governance Officers in place • Compliance with CIPFA's Statement on the Role of the Head of Internal Audit • Compliance with Public Sector Internal Audit Standards • Minutes of meetings from Partnership Board Meetings and Operational Review Meetings. • Annual Complaints Report to Governance & Resources Committee 	<p style="text-align: center;"></p> <p style="text-align: center;">We report to Members regularly on performance against targets.</p> <p style="text-align: center;"></p> <p style="text-align: center;">In 2022/23 only 3 out of 26 (11.5%) of audits planned at the start of the year were completed. Two audit areas received substantial assurance and one gave reasonable assurance. There were no reports in 2022/23 with limited or inadequate assurance.</p> <p style="text-align: center;">Significant governance issues raised during the audit reviews are disclosed elsewhere in this annual governance statement.</p> <p style="text-align: center;">The implementation of some internal audit recommendations was delayed in 2021/22 and 2022/23 due to staff resources being redirected during the coronavirus pandemic and subsequent delays. Such delays related to asset management and data protection. A report is due to be presented to the Governance & Resources Committee in November to show that most of these outstanding recommendations have been implemented.</p>



An internal audit report has identified opportunities to strengthen our arrangements for data protection (see action plan). Whilst 8 data breaches, incidents or near misses were identified in 2022/23 (down from 24 in 2021/22), none were serious enough to be reportable to the Information Commissioner's Office (ICO). In March 2023 a Data Protection Audit identified that the Council is not fully meeting 20% of expectations within the ICO's Accountability Tracker, which covers 13 broad areas across all of the criteria. To address these areas and to meet ICO expectations, the Information Governance needs additional support and resources.

Reporting of data security incidents is actively encouraged; incidents are reviewed by the Information Governance Board to identify lessons to be learned and areas for improvement. The Information Governance Officer has utilised the staff intranet to promote data privacy awareness and best practice amongst colleagues.



The Local Government Association Peer Challenge team made several recommendations. In July 2020 the Council approved a Peer Challenge Action Plan to address these issues. Progress on implementing some aspects of the Action Plan has been delayed owing to officers focusing on other higher priority work during the coronavirus pandemic. However, the Peer Review Action Plan was reviewed and updated at Council in November 2021 and September 2022.

4. How the Council operates

The Council

During 2022/23 the Council was composed of 39 councillors elected every four years; the number reduced to 34 following the elections held in May 2023. Prior to that elections were last held in May 2019. Councillors are democratically accountable to the residents of their respective wards. The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

Councillors must agree to follow the Council's Code of Conduct to ensure high standards in the way they undertake their duties. The Council's Monitoring Officer trains and advises them on the Code.

All Councillors meet as the Council. Meetings of the Council are normally open to the public. Here Councillors decide the Council's overall strategies and policies and set the budget and council tax each year. The Council holds the policy committees to account and is itself a policy development body. There is an opportunity at Council meetings for members of the public to participate by putting their questions to Councillors. There is provision for public participation and meetings are live-streamed on the internet. The Civic Chair of the District of Derbyshire Dales reports to each meeting and the Leader of the Council has an opportunity to address the Council meeting on issues concerning the District of Derbyshire Dales at Council and his attendance at meetings with significant partners.

The Council's Constitution

Derbyshire Dales District Council has adopted a Constitution that sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.

The Constitution is divided into 13 Articles that set out the basic rules governing the Council's business. More detailed procedures and codes of practice are provided in separate rules and protocols within the Constitution.

The Constitution is kept under review and amendments are approved at the Annual Meeting of the Council in May each year, or at other times as necessary.

How decisions are made

Most day-to-day decisions are made by policy committees. The Council has two policy committees called 'Governance and Resources' and 'Community and Environment'. Committees also carry out a number of regulatory functions, including dealing with planning applications, licensing and most other regulatory business.

Meetings of the Council's policy and other committees are open to the public except where personal or confidential matters are being disclosed. There is provision for public participation where residents can present their views to councillors in person.

In addition, senior officers of the Council make decisions under delegated authority. The level of delegation is recorded in the Council's Constitution.

The role of the Governance and Resources Committee

The purpose of the Governance and Resources Committee is to consider specific issues or aspects of policy, procedure or service relating to specific services. The main services within the Committee's remit include asset management, central support services, data protection, digital transformation and ICT, electoral administration and registration, financial governance, human resources, legal and corporate governance, member support and development, procurement, revenues and benefits and risk management.

The Governance and Resources Committee takes the statutory role of an "Audit Committee" and provides independent review, challenge and assurance of the adequacy of the risk management framework and the associated control environment.

Here are some of the key tasks that the Council has delegated to this Committee:

- To have an overview of the Governance framework and to develop and review supporting policies and procedures;
- To approve and review the Council's Code of Corporate Governance and other supporting material;
- To approve the Annual Governance Statement and the Annual Statement of Accounts;
- To consider the External Auditor's reports on issues arising from the Audit of Accounts, the External Audit Plan, the Annual Audit Letter etc.
- To approve and review the internal audit plan, consider major findings of internal audit investigations and management's response, and promote co-ordination between the internal and external auditors;
- To keep under review the effectiveness of internal control systems, to receive the External Audit Management Letter on behalf of the Council and any representations and refer any issues requiring attention to the relevant committee and/or officer;
- To consider the appointment of the external auditor, the audit fee, the provision of any non-audit services by the external auditor and any questions of resignation or dismissal of the external auditor;
- To approve the Council's Risk Management Policy and Strategy and consider the annual monitoring report as part of considering the effectiveness of Risk Management, including the risks of bribery, fraud and Corruption.
- To be responsible for the effective management of the Council's land, buildings and property holdings;
- To act as the main "financial committee" to regulate and control the finances of the Council as defined in the Local Government Act 1972;
- To determine policy in relation to the Council's duties and responsibilities as an "employer" and in relation to human resources, employee training and development and industrial relations issues;
- To determine policy and oversee arrangements in relation to the Council's duties and responsibilities under the Data Protection Act;
- To undertake the role of the standards committee.

The role of the Community & Environment Committee

The purpose of the Community & Environment Committee is to consider specific issues or aspects of policy, procedure or service relating to specific services. The main services within the Committee's remit include Waste Collection and Recycling, Parks, Street Cleansing, Car Parking, Leisure Services, Public Conveniences, Cemeteries, Climate Change, Environmental Health, Public Health and Safety, Economic Development and Housing.

The scrutiny committee

The purpose of the scrutiny committee is to provide an independent review of Council decisions either before or after they have been made; to provide an independent review of decisions made by certain partner authorities and to make recommendations regarding the decisions made.

Area Community Forums

To give local people a greater say in Council affairs, there are 3 Area Community Forums. These cover the Northern, Central and Southern areas of the District and are intended to act as a focus point for mutual communication and consultation between the local community, stakeholders and Councillors from all local councils in their area. They are held in public at various meeting venues throughout the District.

The Council's employees

The Council has people working for it to give advice, implement decisions and manage the day to day delivery of its services. Some employees have a specific duty to ensure that the Council acts within the law and uses its resources wisely. A Protocol governs the relationships between employees and members of the Council. The Protocol is part of the Constitution. Employees are required to follow the Council's Employee Code of Conduct to ensure high standards in the way they undertake their duties. The Council's Monitoring Officer provides guidance and advice on the Code.

Citizens' Rights

Citizens have a number of rights in their dealings with the Council. These are set out in more detail in Article 3 of the Constitution. Some of these are legal rights, whilst others depend on the Council's own processes. The local Citizens' Advice Bureau can advise on individuals' legal rights.

Where members of the public use specific council services, for example as a leisure centre user or as an applicant for planning permission, they have additional rights. These are not covered in the Constitution.

Citizens have the right to:

- Vote at local elections if they are registered
- Contact their local councillor
- Obtain a copy of the Constitution
- Attend meetings of the Council and its committees except where, for example, personal or confidential matters are being discussed
- Petition to request a referendum on a mayoral form of executive
- Participate in the Council's Public Participation Scheme
- Attend committee and Council meetings where key decisions are being discussed or decided
- See reports and background papers, and any record of decisions made by the Council and its committees.
- Complain to the Council about the exercise of any of its functions through the Complaints Scheme.
- Complain to the Council's Monitoring Officer about the behaviour of one of its Councillors or the behaviour of a local Parish/Town Councillor
- Complain to the Ombudsman if they think the Council has not followed its procedures properly. However, they are recommended to do this after using the Council's own complaints process
- Inspect the Council's accounts and make their views known to the external auditor.

The Corporate Plan

The Corporate Plan sets out the vision and improvement priorities for Derbyshire Dales District over the four years following an election. It is the key strategy from which the District Council's Budget and Service Plans cascade. There are 3 broad priority areas:

- People - providing you with a high quality customer experience
- Place - keeping the Derbyshire Dales Clean, Green and Safe; and
- Prosperity - supporting better homes and jobs for you.

Managing Key Risks

All Councillors and Managers are responsible for ensuring that risks are considered in the decisions they take. The Council has a Risk Management Policy and Strategy that is usually reviewed every two years. It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated within our plans and strategies, to encourage responsible, informed risk taking.

Whistleblowing

People working for the Council are often the first to realise that there may be something wrong within the Council. However, they may feel unable to express their concerns for various reasons, including the fear of victimisation. The Council has a Whistleblowing Policy that advises staff and others who work for the Council how to raise concerns about activities in the workplace.

Monitoring Officer

The Director of Corporate and Customer Services is the Council's appointed Monitoring Officer. The Monitoring Officer is responsible for maintaining the Constitution, ensuring lawfulness and fairness of decision-making, promoting high ethical standards and has a personal duty to report to the Council any breaches in the rule of law.

Chief Financial Officer

The Director of Resources is the Council's appointed Chief Financial Officer (also known as the Section 151 Officer). This is a statutory post, responsible for ensuring lawfulness and prudence of financial decision-making and the administration of the Council's financial affairs. The role of Chief Financial Officer conforms with the good practice requirements within the CIPFA statement on "The Role of the Chief Financial Officer in Local Government". The Council's Chief Financial Officer is a full member of the Corporate Leadership Team and is supported by appropriately qualified and experienced staff.

The Director of Resources has taken a key role in reviewing corporate governance and in preparing this Annual Governance Statement. She is satisfied with the arrangements currently in place for financial management, though these will be improved when the action plan for CIPFA's Financial Management Code has been fully implemented. While the internal audit provision has been limited in 2021/22 and 2022/23 as explained in this Statement, and it has not been possible for the Head of Internal Audit to give an opinion on the effectiveness of the control framework, no matters of significance that have been identified to the Director of Resources have been omitted from this statement.

Managing Finances

Internal financial control is based on a framework of management information that includes the Financial Regulations, Contract Standing Orders, our accounting procedures and key financial systems. These include established budget planning procedures and quarterly budget reports to Council or Governance and Resources Committee. The Corporate Leadership Team monitors key income streams on a monthly frequency.

The Corporate Leadership Team monitors performance against the annual budget, capital programme and medium-term financial plan.

A system of budgetary control is in place, which is enforced by the Corporate Leadership Team. Budget holders are identified for each revenue service or capital project and they are provided with monthly budget monitoring reports. Training, support and guidance is provided by the Financial Services Team.

Capital projects are only put forward for Committee/Council approval after the Corporate Leadership Team has approved a business case, which ensures projects support the Council's priorities and that they are fully resourced and planned before spending can commence.

The Council has a Medium-Term Financial Strategy that shows the overall direction of the Council's financial position over the next five years. This includes a Medium-Term Financial Plan which indicates that a budget gap will arise over the next few years due to an expected reduction in government funding. The Council has a good track record of delivering savings. However, we face a challenge in producing a sustainable budget over the medium term in the face of rising inflation and further potential reductions in government funding. The Council has reserves and balances that could be used in the short term to address any savings requirements for 2024/25 and 2025/26 while a thorough review of income and expenditure is undertaken, and an action plan developed. Given the amount set aside in usable revenue reserves, the timing of the required savings, and the uncertainty surrounding council funding (arising mainly from the outcome of the anticipated level of the government's Fair Funding Review and its review of the Business Rates Retention scheme), the Council's approach to meeting the Corporate Savings Target and closing the budget gap has been to refrain from significant service reductions until the outcome of the government reviews is known. However, the Council's Medium Term Financial Plan now needs to be updated to show how it plans to address impact of rising inflation and address the widening budget gap in future years. Therefore, the MTFP will be kept under review by the Corporate Leadership Team and an action plan will be developed to maintain a sustainable balanced budget over the medium term.

There is a separate section (below) relating to the CIPFA Financial Management Code.

Internal Audit

The Council receives substantial assurance from Internal Audit work who (through an agreed programme of testing – the Internal Audit Plan) review the adequacy of the controls and governance that operate throughout all areas of the Council.

Management of Internal Audit is provided by the Bolsover, Chesterfield and North East Derbyshire District Councils' Internal Audit Consortium. The Internal Audit Service has been managed and delivered in accordance with Public Sector Internal Audit Standards (PSIAS). The Governance and Resources Committee approved an Internal Audit Charter in 2022, which is due for review in the event of any significant changes being made to the PSIAS. The Charter sets out the role of internal audit and its responsibilities and clarifies its independence.

The Head of the Internal Audit Consortium prepares an Annual Report for the Governance and Resources Committee. The Annual Report includes an opinion on the adequacy and effectiveness of the Council's control environment. The results of internal audit work concluded during the year are presented in the annual report.

In 2022/23 only 3 out of 26 (11.5%) of audits planned at the start of the year were completed. Two audit areas received substantial assurance and one reasonable assurance. There were no 'limited' or 'inadequate' assurance levels reported in 2022/23.

Where weaknesses have been identified through internal audit review, management have agreed appropriate corrective actions and a timescale for improvement. Reports are presented to the Governance & Resources Committee to inform them of the outcome of audit reviews and progress on implementing recommendations.

The Internal Audit Annual Report sets out the Head of the Internal Audit Consortium's opinion relating to the adequacy and effectiveness of the Council's control environment. For 2022/23, it is considered by the Head of the Internal Audit Consortium that insufficient assurance work has been carried out to allow her to form an opinion on the adequacy and effectiveness of Derbyshire Dales District Council's governance, risk and control arrangements.

The lack of an internal audit annual opinion is a breach of the Public Sector Internal Audit Standards has been reported to the Governance and Resources Committee and identified as a significant governance issue in the annual governance statement.

During 2020/21 to 2022/23, the implementation of some internal audit recommendations was delayed due to staff resources being redirected during the coronavirus pandemic and a subsequent backlog of work. Such delays related to asset management and data protection. A report is due to be presented to the Governance & Resources Committee in November to show that most of these outstanding recommendations have been implemented.

At the time of writing this report both the Senior Auditor and the Internal Auditor positions have now been filled and work on the internal audit plan for 2023/24 has commenced, with a focus on high and medium risk areas. While the team is now fully staffed, the delivery of the 2023/24 audit plan will be adversely impacted by the vacancies in the first part of the year. Therefore, a revised audit plan for 2023/24 is due to be presented to the Governance & Resource Committee in November 2023.

An external review of Internal Audit was undertaken in 2021. The independent report concludes that current services are assessed to 'generally conform' with the PSIAS and compare favourably with peers; there are no areas where the service does not comply with the standards. The recommendations arising from the review have now been meaning that Members can have confidence in the quality of service provided by internal audit.

External Audit & Other Inspections

The Council's external auditor is Mazars LLP.

In June 2023 Mazars issued a draft unqualified opinion in relation to the Council's 2021/22 statutory financial statements. In the Audit Completion Report relating to the Council's financial statements for 2021/22 the External Auditor made an internal control recommendation (low priority) that management should review and strengthen controls relating to the preparation of the grants note. This recommendation has been accepted and has been addressed as part of the preparation of the grants note for the 2022/23 financial statements.

In June 2023 the external auditor issued his draft Annual Audit Report in respect of 2021/22. The report indicates that the external auditor reviewed the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2021. No significant weaknesses in arrangements were identified and there were no recommendations arising from the work.

Local Government Association (LGA) Peer Challenge

The LGA Corporate Peer Challenge review was undertaken in 2019 and the final feedback report was received and circulated to all Members on 21st January 2020.

The Local Government Association Peer Challenge team made several recommendations to address a series of challenges. In July 2020 the Council approved a Peer Challenge Action Plan to address these issues. Progress on implementing some aspects of the Action Plan has been delayed owing to officers focusing on other higher priority work during the coronavirus pandemic. However, the Peer Review Action Plan was reviewed and updated at Council on 25th November 2021 and in September 2022.

5. Compliance with the Financial Management Code

The Chartered Institute of Public Finance and Accountancy (CIPFA) has published The Financial Management Code (FM Code), which provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.

The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable.

Full implementation of the CIPFA's Financial Management Code was expected from 2021/22. A baseline assessment reported to the Governance and Resources Committee in March 2021 indicated that there were six principles / standards identified as less strong, with a need for improvement and action. An action plan was approved to address these issues during 2021/22. As a result of staff vacancies and the additional workload during the coronavirus pandemic, little progress was made during 2021/22 and the first part of 2022/23. Some progress has been made in the last twelve months. The following actions have not yet been fully addressed:

- E: The financial management style of the authority supports financial sustainability
- G: The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members
- M: The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.
- N: The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

It is expected that the outstanding actions will be addressed during 2023/24. None of these outstanding actions have been identified as significant governance issues.

6. Significant governance issues and action plan

a) Update on issues raised in last year's (2021/22) Annual Governance Statement

	Issue	Action Identified in last year's statement	Target date in last year's statement	Current status	Lead Officer
1	There is a budget gap for future years as identified in the Medium-Term Financial Plan, which will be exacerbated by rising inflation.	<p>Ensure that there are effective processes to manage and monitor budgets and to plan and monitor savings.</p> <p>Review the MTFP to reflect the impact of rising inflation, the outcome of the Local Government Finance Settlement for 2023/24 and 2024/25 and following outcome of government's reviews of fair funding and business rates retention.</p> <p>Develop an action plan to maintain a sustainable balanced budget.</p>	Updated Medium Term Financial Plan & Balanced Budget for 2023/24: by 1 March 2023	<p>Partially achieved:</p> <p>A balanced budget was set for 2023/24 on 2 March 2023. An updated Medium -Term Financial Plan (MTFP) reflecting rising inflation was approved at the same Council meeting.</p> <p>Best and worst case MTFPs were included in the budget report for 2023/24.</p> <p>The MTFP is to be further reviewed in 2023/24 to reflect the outcome of the Local Government Finance Settlement for 2024/25.</p> <p>It is now expected that the outcome of government's reviews of fair funding and business rates retention baselines will not come into effect before 2026/27; the MTFP will be updated to reflect this, which has the effect of pushing back the potential £3m budget gap from 2025/26 to 2026/27.</p> <p>The development of an action plan to maintain a sustainable balanced budget is on hold awaiting the outcome of these government reviews.</p>	Director of Resources

2	An internal audit review has identified that our arrangements for asset management need to be strengthened	Address the outstanding recommendation to reconcile assets of the property and financial systems and use a common property identifier on both systems.	31 March 2023	In Progress: Work was delayed due to a lack of resources in Legal and Resources (mainly); it is now underway.	Director of Regulatory Services
3	An internal audit review of data protection arrangements has identified areas where improvements are required.	Address the implementation of outstanding recommendations from the internal audit review.	31 March 2023	In Progress: External audit of Council position against the ICO Accountability Tracker has been undertaken and identified 13 areas for immediate improvement. An action plan is being developed which will include reviewing and updating policies and procedures, as well as increasing awareness of duties in respect of data protection amongst all employees and Members	Director of Corporate & Customer Services and the Director of Resources (Data Protection Officer)
4	Internal audit resources have been insufficient to complete the internal audit plan	Ensure that appropriately trained auditors are in place to deliver the audit plan.	31 December 2022	In progress: Audit resources returned to full strength from July 2023. Appropriate training is being undertaken. The audit plan for 2023/24 is being reviewed and will be reported to Committee for approval in November 2023.	Director of Resources
5	Weaknesses have been identified in arrangements for procurement and contract management	Implement the recommendations from the independent review of waste management; Carry out a review of financial regulations and contract standing orders and,	31 December 2022	Complete: Recommendations implemented in full Complete: Contract Standing Orders and Financial Regulations updated in	Corporate Leadership Team

		following that, raise employee awareness and provide training, guidance and support.		September 2022 with training delivered to all senior managers in October 2022. Procurement and Contracts Officer appointed in April 2023.	
6	Arrangements for ensuring that systems are in place to meet grant conditions need to be strengthened	Review and strengthen Financial Regulations relating to grant conditions and raise employee awareness.	31 December 2022	Partially complete: Financial Regulations updated in 2022. Employee awareness to be raised following update of Financial Regulations in 2023.	Director of Resources

b) Annual Governance Statement issues arising from 2022/23 review, to be actioned in 2023/24

	Issue	Action	Expected Outcome	Lead Officer (s)	Target Date
1	There is a budget gap for future years as identified in the Medium-Term Financial Plan, which will be exacerbated by rising inflation.	<p>Ensure that there are effective processes to manage and monitor budgets and to plan and monitor savings.</p> <p>Review the MTFP to reflect the impact of rising inflation and interest rates, the outcome of the Local Government Finance Settlement for 2024/25 and following outcome of government's reviews of fair funding and business rates retention.</p> <p>Following the outcome of the government reviews, develop an action plan to maintain a sustainable balanced budget.</p>	Balanced budget for 2024/25 and Medium-Term Financial Plan to be updated to address budget gap for future years.	Director of Resources	Updated Medium Term Financial Plan & Balanced Budget for 2024/25: by 11 March 2024

2	An internal audit review has identified that our arrangements for asset management need to be strengthened	Address the outstanding recommendation to reconcile assets of the property and financial systems and use a common property identifier on both systems.	Completion of reconciliation	Directors of Regulatory Services, Corporate & Customer Services and Resources	31 March 2024
3	Internal and external reviews of data protection arrangements have identified areas where improvements are required.	Address the implementation of outstanding recommendations from the internal audit review and the external review.	Compliance with legislation and ICO guidance, reducing the risk of sanctions for non-compliance; Raised awareness for employees and councillors; Improved record keeping.	Director of Corporate & Customer Services	31 March 2024
4	Internal audit resources have been insufficient to complete the internal audit plan and for an opinion to be given on the adequacy and effectiveness of Derbyshire Dales District Council's governance, risk and control arrangements.	Ensure that appropriately trained auditors are in place to deliver the audit plan.	Ensure that the new auditors are suitably trained. Review the internal audit plan.	Director of Resources	30 November 2023
5	Arrangements for ensuring that systems are in place to meet grant conditions need to be strengthened	Raise employee awareness of updated Financial Regulations.	Improved monitoring of compliance with grant conditions, reducing the risk of claw back or non-payment of grant,	Director of Resources	31 December 2023

We propose over the coming year to take steps to address the significant governance issues identified in section 6b of this statement 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.

Approved at a meeting of the Governance and Resources Committee held on 14 September 2023.

Signed

Councillor Steve Flitter
Leader of the Council

Paul Wilson
Chief Executive