



ANNUAL GOVERNANCE STATEMENT 2023/24

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 2024, except where stated, and will remain in operation up to the date of approval of the 2023/24 Statement of Accounts (expected to take place on 5 December 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 2023/24 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 2023/24 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 2023/24 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 principles have been embedded in policies and processes; ➤ Our Contract Standing Orders require external organisations that provide services on behalf of the Council to achieve the highest standards of integrity, ensure fair and equal treatment of contractors, and that they operate transparently, subject to any requirement for confidentiality; ➤ We make sure that employees and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements; ➤ We deal with breaches of legal and regulatory provisions effectively; ➤ We have Codes of Conduct 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 • Members' (Councillors') Code of Conduct • Protocol on Member / Officer Relations • Statutory Officers' Group • Report to Council (26/01/23) on Members Allowances from the Independent Remuneration Panel • Employees' Code of Conduct • Planning Code of Good Practice (part of the Constitution) • Constitution • Sponsorship Guidelines published on website • Risk Management Policy and Strategy • Risk assessments included in reports to committees and Council • 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 	<div style="text-align: center;">  </div> <p>A Corporate Plan setting out our vision and improvement priorities for 2020 – 2024 was approved in March 2020 and reviewed in March 2023 when 24 specific targets were set for 2023/24. Progress against targets is monitored quarterly.</p> <p>During 2023/24 we established a Statutory Officers' Group, which comprises the three statutory officers of Head of Paid Service (Chief Executive), Monitoring Officer (Director of Corporate & Customer Services) and S151 Officer (Director of Resources). The Statutory Officers' Group (SOG) is responsible for ensuring that there are robust arrangements in place across the organisation to deliver effective corporate governance. The Statutory Officers' Group work together as the governance 'golden triangle' to achieve high standards of corporate governance and uphold the seven principles of public life.</p> <p>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>

	<ul style="list-style-type: none"> • Annual Performance and Development Reviews • Job Evaluation Panel • Complaints Procedure • Employee recruitment, interview and selection procedure • Job descriptions and person specifications • 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. • Audit reports issued by Food Standards Agency (none issued in 2023/24) • Food Law Enforcement Service Plan (reported to Committee in July 2023) • 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. 	<div style="text-align: center;">  </div> <p>A response to a complaint against the Council identified areas of learning to ensure openness and transparency. The Governance & Resources Committee approved an action plan to address these issues on 15th February 2024. It is expected that the actions will be implemented during Summer 2024.</p> <p>It has been identified that there is a lack of awareness amongst some employees of what is required to ensure compliance with Financial Regulations and Contract Standing Orders. Following the review of financial regulations and contract standing orders that is planned for Autumn 2024, awareness will be raised and training, guidance and support provided.</p> <p>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 mostly 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 Surveillance 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 • Matlock Bath Illuminations Group • Council website • Calendar of meetings • Communications & Engagement Strategy • Equality Plan • Consultation Plan • Equality, Diversity and Inclusion Policy • Residents’ Panel • Business Engagement Programme • Statement of Community Involvement • Record of consultations and use of feedback from consultations • Contract standing orders • Financial Regulations • Procurement Strategy and Sustainable Procurement Policy 	<div style="text-align: center;">  </div> <p>To fully comply with the Openness of Local Government Bodies Regulations 2014 we must publish more information relating to grant payments, senior officer salaries and car parking. The outstanding information was identified as low priority during an audit review of ethical standards in 2023/24.</p> <div style="text-align: center;">  </div> <p>During 2023/24 we received 845 Freedom of Information requests (up from 716 in 2022/23 and 662 in 2021/22). We responded to 718 FOI requests (85%), redirected 126 (15%) to Derbyshire County Council, 39 requests (5%) were covered by exemption and 1 request was withdrawn. Where requests were covered by exemption, we gave details of the exemption in our response; the most common reason for exemption (11 requests) was under Section 12 i.e. that the cost of compliance exceeded the appropriate limit.</p> <p>Contract Standing Orders were reviewed and updated in January 2023. and Financial Regulations were reviewed and updated in September 2023.</p>

	<ul style="list-style-type: none"> • Reasons for decisions recorded in all regulatory and quasi-judicial matters • All reports include options, consultation and risk assessments • Procurement decisions require a clear audit trail including reasons • All recruitment decisions are reasoned and recorded 	 <p>The Equality Plan 2022-2024 demonstrates how the Council expects to meet its equality objectives. The Consultation Plan 2020 – 2024 explains which topics we will be consulting with people about each year. It shows how each consultation is linked to an action in our Corporate Plan. Progress is reported to Council annually.</p> <p>A Residents Survey was completed in February 2023, using online and postal surveys, face to face interviews and responses from the Online Residents Panel. The original target of 1,500 responses was comfortably exceeded, reaching a final total of 1,977 responses, increasing slightly from 1,818 responses in 2021. 2023 saw a 2.8% rise to a residents satisfaction rating of 60.5%.</p> <p>In 2019 the Local Government Association Peer Challenge team reported that the district council has a good understanding and appreciation of its local context and was focusing on continually improving local community relationships. The Council was also regarded as an effective leader of the district by partners who attest to the authority being a good partner to work with.</p>
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Following the review in 2019 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 and subsequent backlog of work. However, the Peer Review Action Plan was reviewed and updated at Council on 25th November 2021 and in September 2022.

We have planning to have a further Corporate Peer Challenge Review during 2025/26.








An investigation into a complaint against the Council has identified areas of learning where improvements are required to ensure openness and transparency. The Governance & Resources Committee approved an action plan to address these issues on 15th February 2024. It is expected that the actions will be implemented during summer 2024.

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 • Communications & Engagement Strategy • Equality, Diversity & Inclusion Policy • Risk Management Strategy • Medium Term Financial Strategy • Annual Revenue Budget • Capital Programme & Prudential Indicators • Annual Governance Statement (part of the Statement of Accounts) • Auditor’s Annual Report from external auditor includes as assessment of Value for Money; • Financial Regulations (part of the Constitution) • Contract Standing Orders (part of the Constitution) • Asset Management Plan • Climate Change Strategy and Action Plan • Equality Impact Assessments • Planning: Material Considerations • Committee Reports • Consultation feedback is considered at the point of decisions 	<div style="text-align: center;">  </div> <p>We have a target to pay 99% of non-disputed supplier invoices within 30 days. In 2023/24 we paid 99.4% of non-disputed supplier invoices within 30 days – only 28 undisputed invoices were paid late. We have achieved over 99% for the last ten years.</p> <div style="text-align: center;">  </div> <p>There are risks associated with the Accountable Body status for the Levelling Up, UKSPF and Hurst Farm Heritage Trail 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. Further support is provided through a Claims and Monitoring Officer who has 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, human 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 • 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 monitoring, including virements & revised estimates • Capital Programme process and working group • Auditor's Annual Report from external auditor • Confidential Reporting (Whistleblowing) Policy • Anti-Fraud, Bribery and Corruption Policy • Regulation of Investigatory Powers Act Surveillance Policy • Calendar of meetings • Communications and Marketing 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>The External Auditor's Annual Report, issued in March 2023, did not identify a significant weakness in arrangements to:</p> <ul style="list-style-type: none"> • identify significant financial pressures • bridge funding gaps and identify achievable savings • plan finances to support the sustainable delivery of services with strategic and statutory priorities • ensure that its financial plan is consistent with other plans • and how the Council identifies and manages risks to financial resilience. <div style="text-align: center;">  </div> <p>We updated our Medium-Term Financial Strategy and our Medium-Term Financial Plan in March 2024. However, the Council's Medium Term Financial Plan needs to be updated more regularly during 2024/25 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>In 2019 the Local Government Association Peer Challenge review 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 style="text-align: center;"></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 subsequently. 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 was reported to the Community & Environment Committee in September 2023. The Air Quality Action Plan was approved by the Community and Environment Committee and submitted to Defra in May 2024.</p> <p style="text-align: center;"></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. These meetings are treated as Quarterly meetings every 3 months to discuss the overall contract performance. The current participation data based on pre pandemic levels is average of 99% of normal operations (with Ashbourne at 110%), up from 95% in 2023/24, The Learn to Swim programme is now at 155% at Ashbourne, 126% at Arc Leisure Matlock and 115% at Bakewell. No penalties were issued to Freedom in 2023/24.</p>
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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 2023/24 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, which were slightly under target. Payments have been impacted by the coronavirus pandemic and the 'cost of living' crisis. There was also a problem in obtaining court dates for recovery action.



Due to the disruption experienced at the beginning of the waste collection contract, meetings and reviews of service performance are taking place on a more frequent basis than stipulated in the contract specification. These meetings include members of staff from both District Council's and Serco's senior management teams. Monthly Contract reviews with additional weekly reviews remain in place.

Whilst there are still failings by Serco in fulfilling its contractual obligations, a recent (April 2024) audit review of the Council's management of the contract concluded that management was robust and offered '**substantial assurance**'.

In addition, because of underperformance in 2023/24, the Council has applied the maximum number of financial deductions that is permitted under to the contract.

A review of alternative service delivery options has been undertaken by an independent consultant and relevant officers. The findings are being considered and are yet to be reported to Council.





In 2023/24, we carried out public consultation exercises using the online tool Survey Monkey on:



- Anti-social behaviour survey
- Flood impact data
- Housing needs survey for Stoney Middleton and Calver
- Traveller Site Consultation
- Matlock Skatepark public consultation
- Matlock Bath Illuminations 2023
- Ashbourne Park visitor survey 2023
- Parks and open space visitor survey 2023
- Ashbourne Reborn branding survey
- Ashbourne Draft Air Quality Action Plan Consultation
- Derbyshire Dales resident permit survey
- Derbyshire Dales car park review - business survey


The Ashbourne Reborn project involved public / stakeholder engagement on the RIBA Stage 3 design proposals in July 2023, including two public engagement sessions in the Methodist Church Hall. We have also carried out consultation on Community Safety and Public Space Protection Orders. We have shared (and continue to share) a survey on behalf of Derbyshire County Council in relation to EV charging locations.

		 During 2023/24 engagement between the finance team and budget holders was strengthened and improved budget monitoring reports were introduced, with regular reporting to the Corporate Leadership Team and Councillors.
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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 officers ➤ 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 	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Employee Development Scheme • Member Training and Development Programme • Annual corporate and vocational training plan agreed by Corporate Leadership Team • Insight – Internal management development programme • Member Induction • Employee Induction • Job Descriptions and Person Specifications • Arrangements for succession planning • Annual review of Scheme of Delegation, Contract Standing Orders and Financial Regulations • LOLA – internal training programme • Peer Reviews • Efficient use of systems and technology 	 We work collaboratively with other partners as follows: <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.  Our Service Plans and Performance and Development Review action plans are linked to the priorities & themes set out in our Corporate Plan.

<ul style="list-style-type: none"> ➤ 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"> • 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 Resources Policies • Employee counselling service • Work of Health & Safety Committee • Employee Group • Senior Management Team • Trade union recognition and consultation. • Carbon Literacy Training 	<p style="text-align: center;"></p> <p>During 2023/24 the following mandatory training was undertaken by employees:</p> <table border="1" data-bbox="1350 319 2103 718"> <thead> <tr> <th>Course Title</th> <th>Numbers Attended</th> </tr> </thead> <tbody> <tr> <td>Safeguarding and Child Protection</td> <td>32</td> </tr> <tr> <td>Safeguarding Adults at Risk</td> <td>31</td> </tr> <tr> <td>Managing Health & Safety</td> <td>34</td> </tr> <tr> <td>Equality Act 2010</td> <td>33</td> </tr> <tr> <td>Display Screen Equipment</td> <td>17</td> </tr> <tr> <td>Display Screen Equipment Refresher</td> <td>3</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)</td> <td>31</td> </tr> </tbody> </table> <p>In addition, the Corporate Leadership Team supported staff development through vocational and corporate training.</p> <p>We currently have 25 senior officers / councillors who have undertaken training and been certified as Carbon Literate by the Carbon Literacy Project.</p> <p style="text-align: center;"></p> <p>During 2023/24 Members undertook the following training sessions:</p>	Course Title	Numbers Attended	Safeguarding and Child Protection	32	Safeguarding Adults at Risk	31	Managing Health & Safety	34	Equality Act 2010	33	Display Screen Equipment	17	Display Screen Equipment Refresher	3	Data Protection (Foundation) 2020	29	Data Protection (Data Security) 2020	30	Prevent (Counter Terrorism)	31
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		Training Type	Numbers Attended
		Planning for Ward Councillors	21
		Understanding Planning Committee	19
		Understanding Licensing & Appeals	14
		Chairing Skills	10
		Scrutiny Training	12
		Understanding Local Government Finance	13
		Understanding Data Protection	9
		Understanding Equalities and Diversity	11
		Climate Change and Biodiversity	9
		Safeguarding	14
		Development Viability	13
		Conserving and Protecting the Derwent Valley Mills	10
		Effective Opposition	9
		Motions and the Rules of Debate	17
		Prevent Webinar	13
		Emergency Planning	8
		 <p>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 2023/24 215 ICT users, including staff and Members completed the ICT Security Awareness training. Reminders have been sent to the 10 officers and 9 councillors who have not yet completed the training.</p>	

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; ➤ The Governance and Resources Committee provides a further source of effective 	<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 reviews and reports • External auditor’s 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 Board • Designated Data Protection Officer • Data protection policies and procedures • Information sharing agreements • Data Privacy Impact Assessments • Procedure for Data Protection Security Breaches 	<div style="text-align: center;">  </div> <p>The external auditor’s Annual Report for 2022/23 was issued in April 2024. In respect of Value for Money arrangements, the external auditor has not identified any risks of significant weakness or actual weaknesses. The auditor made two recommendations, relating to internal audit resources and were made and in-year budget monitoring reports. Both these recommendations were accepted by management and have been addressed.</p> <p>During 2023/24 we made improvements to our revenue and capital budget monitoring reports and strengthened engagement between the finance team and budget holders.</p> <p>During 2023/24 the Corporate Leadership Team received monthly reports showing major revenue income streams against budget.</p> <div style="text-align: center;">  </div> <p>The External Auditor’s Audit Completion Report for 2022/23, presented to the Governance and Resources Committee in February 2024, identifies three significant audit risks:</p> <ul style="list-style-type: none"> • Management override of controls;


<p>assurance regarding arrangements for managing risk and maintaining an effective control environment;</p> <ul style="list-style-type: none"> ➤ 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 for for the safe collection, storage, use and sharing and deletion 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 	<ul style="list-style-type: none"> • Risk of an error in the valuation of the net defined benefit pension asset/liability; • Risk of an error in the valuation of land, buildings and investment properties. <p>However, the external auditor’s work provided the assurance they sought and did not identify any material errors or issues except for the valuation of the pension fund, which resulted in a correction to the figures in the Statement of Accounts for 2022/23.</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, especially 2025/26. Rising costs and reduced government grants could 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 MTFP will be kept under review by the Corporate Leadership Team and an action plan will be developed during 2024/25 to address the budget gap for 2025/26.</p>
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The general election in July 2024 and a change in government add to the uncertainty around funding from central government and financial planning. Significant changes in Local Government finances are expected to take place over the next few years, which could 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 2024, will bring more certainty for 2025/26 but there will still be uncertainties and difficulties in financial planning in the medium term. The parliamentary election in July 2024 brings more uncertainty regarding the government reviews of “Fair Funding” and the Business Rates Retention Baseline. If these do go ahead, it is now expected that changes are not likely to come into force 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 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.




A review of compliance with the standards set out in CIPFA’s Financial Management Code has taken place. The review indicated that there were two principles / standards with which the Council does not fully comply. An action plan is in place to address the weaknesses. It is expected that the

		<p>outstanding actions will be addressed in 2024/25. Neither of the issues has been identified as a significant governance issue. See separate section on the Financial Management Code below.</p> <p style="text-align: center;"></p> <p>In 2022/23 weaknesses were identified in the arrangements for ensuring that systems are in place to meet grant conditions. Financial Regulations were subsequently strengthened in this regard. However, during 2023/24 further weaknesses have been identified in arrangements for administering grant-funded projects. Therefore, it is intended to further strengthen Financial Regulations in 2024 and to raise employee awareness.</p>
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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 	<ul style="list-style-type: none"> • Regular reports on performance management • Annual Governance Statement • Review of actions recommended by internal audit service • Statement of Accounts • Audit Strategy Memorandum and Auditor’s Annual Report from External Auditor • Anti-fraud, bribery and corruption policy and reporting • Data Protection Officer and Information Governance Officer in place 	<p style="text-align: center;"></p> <p>We report to Members regularly on performance against targets.</p> <p style="text-align: center;"></p> <p>In 2023/24 18 out of 22 (82%) of internal audit reviews planned at the start of the year were completed (a significant improvement on 11.5%</p>

<p>committee and ensures that recommendations for corrective action made by external audit are acted upon</p> <ul style="list-style-type: none"> ➤ 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"> • 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. 	<p>in 2022/23). Five audit areas received substantial assurance, 11 were assessed as reasonable assurance and there were two areas of limited assurance. The areas of limited assurance were procurement and data protection; these have been identified as significant governance issues and included in the Action Plan at the end of this statement.</p> <div style="text-align: center;">  </div> <p>The implementation of some internal audit recommendations has been delayed due to staff resources being redirected during the coronavirus pandemic and 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 July 2024 to show those recommendations that are still to be implemented and the plans to do so.</p> <p>An internal audit report has identified opportunities to strengthen our arrangements for data protection (see action plan).</p> <p>Whilst 7 data breaches, 1 near miss and 14 data incidents were identified in 2023/24 (8 in 2022/23 and 24 in 2021/22), none were serious enough to be reportable to the Information Commissioner’s Office (ICO).</p> <p>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</p>
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of the criteria. To address these areas and to meet ICO expectations, the Information Governance function needs additional support and resources, which is being addressed at the time of writing this AGS.

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.



In 2019 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 on 25th November 2021 and in September 2022.

We have planning to have a further Corporate Peer Challenge Review during 2025/26.

4. How the Council operates

The Council

At Derbyshire Dales District Council, Councillors are elected every four years. Following an Electoral Commission Boundary Review and the elections held in May 2023, the number of councillors was reduced from 39 to 34. 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, which 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 several 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.

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. The Corporate Plan 2020 – 2024 (in place during 2023/24) had three 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.

The Corporate Plan 2020-24 identifies a number of priority targets relating to the specific activities to be undertaken this year. These targets are assigned annually to specific teams and service areas for action. They set out how the Council will meet its annual Corporate Plan targets.

Performance Management

The District Council's Performance Management process is the means of measuring, monitoring and improving the Council's progress in achieving its targets. Targets include Corporate Plan Actions, Key Performance Indicators and Service Specific objectives which are detailed in the Corporate Plan and Service Plans. Good performance and areas for improvement are identified through quarterly reporting processes.

By managing its performance, the District Council demonstrates that it knows:

- What its priorities are
- What its targets are
- Actions it must take to achieve targets.
- Measures progress
- Informs where it is appropriate to take remedial action to address underperformance.

A traffic light system of reporting is used to signify the progress and success of actions.

- Action achieved on time - **green**
- Action has been delayed / achieved later in the year than planned or will be completed soon after year-end - **amber**
- Actions not fully achieved in target timescale and not likely to be fully achieved - **red**.

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. 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 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. During 2023/24 the budget monitoring reports were reviewed and improvement and engagement between budget holders and the financial services team was strengthened.

Capital projects are only put forward for Committee/Council approval after the Capital Programme Working Group and Corporate Leadership Team have 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 and a history of revenue account underspends. However, we face a challenge in producing a sustainable budget over the medium term in the face of the impact of 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 while a thorough review of income and expenditure is undertaken, and an action plan developed.

Given the amount set aside in the General Reserve and other usable revenue reserves, the timing of the required savings, and the uncertainty surrounding external 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 recommended approach to meeting the Savings Target and closing the budget gap is to:

- Take steps during 2024/25 to identify measures required to enable a balanced budget to be set for the financial year 2025/26. The Medium-Term Financial Plan will be updated in June 2024 (following the closure of accounts for 2023/24) and the Corporate Leadership Team will then identify the measures required to balance the budget for 2025/26. At the time of writing, a

baseline assessment of all Council services is being prepared to assist with this task. identify measures required to enable a balanced budget to be set for the financial year 2025/26. It is expected that any savings will be focussed on low priority services.

- Place on hold any significant service reductions for 2026/27 and beyond pending the outcome of the government reviews of Council funding.

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

Internal Audit

The Council receives substantial assurance from Internal Audit 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 Internal Audit 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. For 2023/24, it is considered by the Head of the Internal Audit Consortium that sufficient assurance work has been carried out to allow her to form an opinion that reasonable assurance can be provided on the overall adequacy and effectiveness of the Council's framework of governance, risk and control. However, the Head of the Internal Audit Consortium has indicated in her Annual Report that improvements are required in respect of procurement and data protection. These have been identified as areas of significant governance issues in this Annual Governance Statement (see further information below).

At the beginning of 2023/24 the Senior Auditor and the Internal Auditor positions were both vacant. The positions were filled in May 2023 and July 2023 respectively. While the team is now fully staffed, the delivery of the 2023/24 audit plan was adversely impacted by the vacancies in the first part of the year. However, good progress was made against the audit plan and in November 2023 it was reported to the Governance & Resource Committee that it would not be necessary to amend the audit plan for 2023/24.

For 2023/24 the audit team completed 18 (82%) out of 22 planned audits. Of the completed audits, five audit areas (28%) were rated as giving "substantial assurance" and eleven (61%) were rated as giving "reasonable assurance". There were two audit areas (11%) - procurement and data protection - where the outcome was "limited assurance". There were no reports of "inadequate assurance" in 2023/24.

Where weaknesses have been identified through internal audit reviews, 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 audit reviews resulting in "Limited Assurance" are due to be reported in full to the Governance & Resources Committee in July 2024, together with action plans to show how weaknesses in controls will be addressed.

From 2021 to 2024, the implementation of some internal audit recommendations has been delayed due to staff resources being redirected during the coronavirus pandemic and a subsequent backlog of higher priority work. There has also been a high level of staff vacancies and turnover in some areas, which

exacerbated the problem. A report is due to be presented to the Governance & Resources Committee in July 2024 to show the outstanding recommendations and the plans for implementation.

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 Forvis Mazars LLP.

In April 2024 Mazars issued an unqualified opinion in relation to the Council's 2022/23 statutory financial statements.

The External Auditor's Annual Report for 2022/23 indicates that no risks of significant weakness or actual weaknesses were identified in respect of governance arrangements. However, two "other recommendations" were made. The first of these related to the adequacy of internal audit resources, which had resulted in a "limitation of scope" outcome in the Internal Audit Annual Report for 2022/23. This recommendation has been addressed and the internal audit team has been fully resourced since July 2023. The second "other recommendation" related to arrangements to ensure that in-year budget monitoring reports were routinely reported at Member and Corporate Leadership Team meetings. This recommendation has been addressed in 2023/24 when quarterly revenue budget monitoring reports were reported at Member and Corporate Leadership Team meetings.

In the Audit Completion Report relating to the Council's financial statements for 2022/23 the External Auditor made three internal control recommendations (two medium and one low priority) relating to documentation for assets valuations, declarations for related party transactions and banking arrangements for the Ernest Bailey Trust Fund. All recommendations were accepted by management. The first two are being implemented as part of the preparation of the 2023/24 financial statements and the third will be addressed during 2024/25. None of these have been assessed a significant governance issues.

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.

A new Peer Challenge is expected to take place in 2025/26.

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.

A review has identified that the following areas need to be strengthened:

E: The financial management style of the authority supports financial sustainability - More support and guidance is required for budget holders to help them to set and monitor revenue budgets for expenditure and income. During 2023/24 the budget monitoring reports were reviewed and improved and engagement between budget holders and the financial services team was strengthened. This foundation now needs to be developed with further guidance and training to develop budget holders' skills, supplemented with regular budget monitoring.

G: The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members – The Corporate Leadership Team should identify the costs of replacing assets and whole life costs and this should be built into the assessment of financial sustainability.

It is expected that the outstanding actions will be addressed during 2024/25. 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 (2022/23) 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 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>	Updated Medium Term Financial Plan & Balanced Budget for 2023/24: by 11 March 2024	<p>Partially achieved:</p> <p>A balanced budget was set for 2024/25 on 29th February 2024. An updated Medium -Term Financial Plan (MTFP) was approved at the same Council meeting. This reflected the outcome of the Local Government Finance Settlement for 2024/25, and revised assumptions on inflation and interest rates.</p> <p>Best and worst case MTFPs were included in the budget report 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 2024	<p>Substantially Completed</p> <p>Only one audit recommendation has still to be implemented. The work that has been completed means that asset management arrangements are no longer seen as a significant governance issue.</p>	Director of Community and Environmental Services
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.	31 March 2024	<p>In Progress:</p> <p>An external review of the Council position against the ICO Accountability Tracker has been undertaken and identified 13 areas for immediate improvement.</p> <p>To address these areas and to meet ICO expectations, the Information Governance function needs additional support and resources, which is being addressed at the time of writing this AGS.</p> <p>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.</p> <p>The Council has agreed dedicated resources to complete this important work.</p>	Director of Corporate & Customer Services

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.	30 November 2023	Complete: Audit resources returned to full strength from July 2023. Appropriate training is being undertaken.	Director of Resources
5	Arrangements for ensuring that systems are in place to meet grant conditions need to be strengthened	Raise employee awareness of updated Financial Regulations	31 December 2023	Partially achieved: Financial Regulations were reviewed and updated in 2023, with added regulations relating to grants, and employees were informed. During 2023/24 it has been identified that financial regulations in this area need to be further strengthened and employee awareness raised.	Director of Resources

b) Annual Governance Statement issues arising from 2023/24 review, to be actioned in 2024/25

	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	Review the MTFP to reflect the impact of ongoing under / overspends identified during closure of the 2023/24 accounts, and subsequent changes in service requirements, inflation, interest rates etc.	Balanced budget for 2025/26 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 2025/26:

		<p>Take steps during 2024/25 to identify measures required to enable a balanced budget to be set for the financial year 2025/26.</p> <p>Following the outcome of the government reviews of fair funding and business rates retention, update the Medium-Term Financial Plan and develop an action plan to maintain a sustainable balanced budget.</p>			by 3 March 2025
2	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.	<p>Compliance with legislation and ICO guidance, reducing the risk of sanctions for non-compliance;</p> <p>Raised awareness for employees and councillors;</p> <p>An additional resource has been engaged during 2024/25</p> <p>Improved record keeping.</p>	Director of Corporate & Customer Services	31 March 2025
3	Arrangements for grant claims and ensuring that systems are in place to meet grant conditions need to be strengthened	<p>Review and strengthen Financial Regulations relating to arrangements for grant claims and ensuring that grant conditions are met.</p> <p>Ensure that grant funding agreements are in place and complied with for projects delivered by third parties.</p> <p>Raise employee awareness.</p>	<p>Improved oversight of grant claims by the financial services team will reduce the risk of errors.</p> <p>Improved monitoring of compliance with grant conditions, will reduce the risk of claw back or non-payment of grant, and / or potential overspends</p>	Director of Resources	31 December 2024

4	An internal audit review has identified that our arrangements for procurement need to be strengthened.	Implement the recommendations from the internal audit review	Compliance with legislation and the Council's Contract Standing Orders, which will reduce risks such as a legal challenge.	Director of Corporate & Customer Services	31 December 2024
5	An investigation into a complaint against the Council has identified areas of learning where improvements are required to ensure openness and transparency.	Implement the action plan approved by the Governance & Resources Committee on 15 February 2024. Explore a review of its governance arrangements with an external partner and report back to Committee at its next meeting	Improvements in overall governance arrangements.	Director of Corporate & Customer Services Governance & Resources Committee	Summer 2024 As part of an LGA Peer Review in 2025/26

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 18 July 2024.

Signed

Councillor Steve Flitter
Leader of the Council

Paul Wilson
Chief Executive