



Doncaster Council

Report

Date: 25th October 2018

To the Chair and Members of the AUDIT COMMITTEE

2017-18 Annual Governance Statement – Progress Update

EXECUTIVE SUMMARY

1. The Council's Annual Governance Statement (AGS) is an annual report which provides a review of governance arrangements for the authority. The 2017-18 Annual Governance Statement was presented to the Audit Committee in July 2018. It identified issues and outlined actions that needed to be dealt with.
2. As in previous years Audit Committee members requested a brief update be provided at a future meeting to outline what progress has been made against the issues identified in the current Annual Governance Statement.
3. Attached to this report is an update on progress made against the improvement issues identified in the 2017-18 Annual Governance Statement (Shown in Appendix A). The majority of issues identified within appendix A have made significant progress and are on track for completion against the target dates. All issues will be reviewed as part of the annual review process and many of them will be considered for removal.

EXEMPT REPORT

4. N/A

RECOMMENDATIONS

5. Audit Committee are asked to note and comment on the content of this briefing paper and Appendix A

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. By ensuring that there is good governance and a sound system of internal controls in place the Council will be able to provide the citizens of Doncaster with services that are provided in accordance with the law and proper standards. It will also ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

BACKGROUND

7. An annual review of governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS) are statutory requirements by virtue of the Accounts and Audit Regulations (England) 2016.

The Annual Governance Statement must demonstrably be a corporate document, corporately owned. The Council's governance arrangements in place during 2017-18 have been reviewed in line with the revised guidance and an Annual Governance Statement has been approved.

8. To ensure that there is good governance and sound system of internal controls in place, an update on the current Annual Governance Statement has been provided to assess current progress.

OPTIONS CONSIDERED

9. Alternative options to the successful approach implemented would require potentially significant re-design in terms of both procedures to be followed and staff involvement.

REASONS FOR RECOMMENDED OPTION

10. The streamlined approach that has been adopted by directorates has worked well for the last few years and continues to meet the requirements of the new guidance.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

11.

	Outcomes	Implications
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place</p>

RISKS AND ASSUMPTIONS

12. The production of an Annual Governance Statement is a statutory requirement. The key risk is that failure to produce a statement to meet this requirement would result in an adverse audit report by the Council's external auditor and damage the Council's reputation. The original risk profile is 16 but by producing the Annual Governance Statement and addressing key corporate issues the risk profile is reduced to 8

LEGAL IMPLICATIONS [Officer Initials SRF Date 3/10/18]

13. The Accounts and Audit Regulations (England) 2016 require Local authorities to produce and publish an Annual Governance Statement.

FINANCIAL IMPLICATIONS [Officer Initials AG Date 03/10/18]

14. There are no direct financial implications resulting from this report. The individual elements in the AGS will be subject to specific reporting as required.

HUMAN RESOURCES IMPLICATIONS [Officer Initials KG Date 03/10/18]

15. There are no specific human resources implications resulting from this report

TECHNOLOGY IMPLICATIONS [Officer Initials TB Date 04/10/18]

16. There are no specific technology implications resulting from this report. Digital & ICT will need to continue to be fully involved and consulted in relation to the review and updating of the main database used by the Alarm Receiving Centre and any future recommendations. As stated in the Annual Governance Statement, the Doncaster Integration Peoples System Programme will involve significant business change and the programme will be tightly led and managed with senior and effective governance throughout. Digital & ICT are fully involved in the technical deliverables as part of the wider plan to achieve General Data Protection Regulation compliance. Digital & ICT are also represented on the Data Quality Working Group who will deliver and monitor an action plan and associated activities to educate and change the culture of the organisation with regard to data and resolve some key data quality issues which will impact on some major priorities for the Council moving forward, as outlined in the Annual Governance Statement.

HEALTH IMPLICATIONS [Officer Initials RS Date 03/10/18]

17. Whilst there are no immediate health implications from the Annual Governance Statement (AGS) effective governance of civil institutions is a key prerequisite for Health and Wellbeing. Decision makers should consider the extent to which the AGS provides this assurance.

EQUALITY IMPLICATIONS [Officer Initials SWr Date 19/09/18]

18. In line with the corporate approach for compliance against the equality act 2011 due regard must be shown across all activity within the council. As the Annual Governance Statement draws together a diverse range of activities at a strategic level a due regard statement is not required. All the individual components that make-up the Annual Governance Statement will require a due regard statement to be completed and reported as and when appropriate.

CONSULTATION

19. N/A

BACKGROUND PAPERS

CIPFA guidance –Delivering Good Governance in local Government Framework - 2016 Edition
Corporate Governance Framework

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2017-18 Annual Governance Statement - Progress Update

SECTION 1: Significant Governance Issues Identified in 2017/18

1. Alarm Receiving Centre (ARC)	Completion Date	Responsible Officer(s)
<p>A review of the systems and processes within the Alarm Receiving Centre (ARC) has raised concerns about the efficacy and business continuity of assistive technology.</p> <p>ACTIONS: Internal Audit has conducted a service review of the current process and changes to procedures have been instigated within the ARC suite. Implementation of the audit recommendations is underway</p>	<p>October 2018</p>	<p>Debbie John-Lewis – Assistant Director of Communities</p> <p>Bill Hotchkiss - Head of Service Community Safety</p>
Progress update		
<p>A new system has been procured (it is an upgrade to the existing Piper Network Controller (PNC) system) and its use is being redesigned. Project consultants have been put in place. There remain significant data quality issues which the area is working to resolve and Internal Audit continues providing advice during the new installations (which are expected to be complete by March 2019). All other actions from the action plan are now complete.</p>		
2. General Significant Financial Challenges	Completion Date	Responsible Officer(s)
<p>The Council faces a number of significant financial challenges which if not managed carefully in 2018/19 could potentially lead to an overspend position and a reduction in the level of general reserves, these include:</p> <ul style="list-style-type: none"> • Potential shortfall on the delivery of the savings which are increasingly more challenging to achieve such as the Your Life Doncaster programme which will deliver significant service changes as well as savings. • Managing emerging budget pressures including increasing activity e.g. Direct payments and reducing demand for services e.g. Schools Catering. • Doncaster Children’s Services Trust (DSCT) risk of overspending is identified (at no.?) <p>ACTIONS: The financial position will be closely monitored; including the introduction of monthly monitoring to management teams and Directors. Other specific actions to improve the monitoring of budgets include devolved budgeting, and development of financial management capability in the Council.</p>	<p>Monthly monitoring – August 2018</p> <p>Action plan for improving financial management of managers – June 2018.</p>	<p>Steve Mawson – Chief Financial Officer & Assistant Director of Finance</p>
Progress update		

The major activities completed are the introduction of monthly monitoring (from month 4 July 2018) to get into the routine of regularly reviewing the financial position. The latest monthly financial monitoring report (month 5) has been discussed produced and discussed with management teams.

The activity is on track and the financial position is being closely monitored. The Council continues to face significant financial challenges and a financial strategy is being developed to manage the position in 2018/19, which will include the use of Minimum Revenue Provision (MRP) budgets. The impact of the 2018/19 financial position on the Medium-term Financial Forecast (MTFF) for 2019/20 is being reviewed in preparation for setting the budget.

3. Doncaster Integrated Peoples System (DIPs)	Completion Date	Responsible Officer(s)
<p>A new critical business information system will be implemented across Children, Education and Adults Services over the next 1-2 years. It will totally change the way these areas operate and the business change required cannot be underestimated.</p> <p>ACTIONS: The programme will be tightly led and managed with senior and effective governance throughout and appropriate preparation. All areas have been asked to provide their best resources to ensure the programme has every chance of succeeding. Staged implementation of the system will take place over the next 2 years.</p>	Ongoing	Julie Grant – Assistant Director of Customers, Digital & ICT
Progress update		
<p>The major activities completed are contract completion, governance fully in place and operating, case management workshops completed and finance workshops in process of completion.</p> <p>The Project Initiation Document and Data Migration Scope document has been written and authorised. Work is underway to extract data from legacy systems, in preparation for the first round of data migration. The Training Strategy and Communications and Engagements Plan documents are in draft version, awaiting a review and authorisation.</p> <p>Work continues at pace to deliver the solution to the ambitious timescales.</p>		

4. General Data Protection Regulation (GDPR)	Completion Date	Responsible Officer(s)
<p>The EU General Data Protection Regulation (GDPR) will come into force on 25 May 2018 and brings significant changes to the law on Data Protection. These changes will be implemented and need to ensure Ensuring compliance with GDPR across the organisation by 25th May deadline and thereafter.</p> <p>ACTIONS: A GDPR implementation plan is in place which is being monitored by the SIRO board. The plan includes a target for all high risk areas to be addressed in time for 25th May deadline.</p>	31st March 2019 (25th May 2018 - high risk areas)	Scott Fawcus – Assistant Director of Legal & Democratic Services
Progress update		

All high risk areas have been addressed such as privacy notices for sensitive data, contract variations for social care, Data Protection Impact Assessments (DPIA's) for new systems and processes, on line or face to face training for all staff, new policies and procedures and completion of an information asset register. A new information governance action plan has been approved by SIRO board and is still on track to be completed by March 2019.

5. Devolved Budgeting In Adults	Completion Date	Responsible Officer(s)
<p>Spend & budget responsibility needs to be as close to decision making as possible to be effectively controlled. The current arrangements in adults allow spending decisions to be taken by front line social work staff (in the community & hospitals) and the budget responsibility is held by the commissioning team. This arrangement can lead to decisions being taken without considering the resource implications and is a weakness in internal control.</p> <p>ACTIONS:</p> <ul style="list-style-type: none"> • Examination of budgetary hierarchy & organisational hierarchy to establish the most appropriate level of budget delegation for each of the commissioned services e.g. residential care, domiciliary care etc. • Examination of the underpinning systems to support the production of monthly management accounts. (Examination/ Methodology and sign-off – End of June 2018) • Determine the methodology for budget allocation • Sign off of the approach with Adults DLT • Effect the necessary changes to financial transaction systems (End of July 2018) • Support & train these new budget holders in financial management processes. (End of August 2018) • Review monitoring arrangements during the 2018/19 	<p>December 2018</p> <p>(See text for approximate timeline)</p>	<p>Debbie Hogg – Director of Corporate Resources</p>
Progress update		
<p>The major activities completed are; examination of budgetary hierarchy & organisational hierarchy to establish the most appropriate level of budget delegation for each of the commissioned services; examination of the underpinning systems to support the production of monthly management account; determine the methodology for budget allocation; sign off of the approach with Adults DLT and effect the necessary changes to financial transaction systems.</p> <p>Team Managers, Heads of Service and Assistant Directors are receiving training, on the system and processes, during September and continue to develop with support from Financial Management. Adult Social Care Managers now have the information and training in the new system to better manage their financial resources. This revised budget delegation will be kept under review and fine-tuned in readiness for the introduction of the new Servelec system.</p>		
6. Management And Stock Control Relating To The Smart Lights Project	Completion Date	Responsible Officer(s)
<p>The Streetlight project seeks to make savings for the Council by replacing the borough's sodium street lighting lamps with more energy efficient LED lamps.</p>	<p>August 2018</p>	<p>Gill Gillies – Assistant Director of Environment</p>

<p>ACTIONS: Phase 1 of the project was completed in March 2017 and phase 2 of the project is estimated to be completed by the end of May 2018. After the end of the first phase, it was noted by the project management board that there were some unexplained variations relating to stock reconciliations. An investigation concluded that there has been over-ordering of lamps due to:-</p> <ul style="list-style-type: none"> • project management issues, • poor communication between the Street Lighting and Stores teams and • a lack of reconciliations between stocks, fitted lamps and orders. • A recovery plan is being produced and will be signed off by the end of July 2018 		
<p>Progress update</p>		
<p>The recovery plan has now been produced with the Director of Regeneration and Environment, the portfolio holder for Highways, Street Scene and Trading Services and the Street Scene and Highways Operations Transformation Board, having all reviewed the plan and signing off the format and content. It is expected that this will be removed from the AGS.</p> <p>The plan will constantly change over time as the balance of lanterns will reduce when they are used on additional maintenance, housing or industrial development or commercial works. A verbal update will be presented at the Audit Committee on 25th October 2018.</p>		

SECTION 2: An update on key improvement areas that were previously identified and remain an issue in 2017-18

7. Direct Payments	Completion Date	Responsible Officer(s)
<p>In 2015/16 there was a high level of overpayments that had been made in paying personal budgets for adult social care. Issues identified included:-</p> <ul style="list-style-type: none"> •High numbers and values of overpayments not being monitored or managed •Weaknesses in the systems to pay, monitor and recover overpayments •Lack of joined up working between the various parties involved in this area. <p>ACTIONS: Improved arrangements have proven effective; the amount of debt relating to Direct Payment overpayment being raised over 12 months has reduced whilst the amount of debt collected has increased. There is now more effective joined up working between all parties and the backlog of annual financial monitoring reviews has been cleared and reviews are now being conducted on a risk basis.</p>	<p>January 2019</p>	<p>Karen Johnson - Assistant Director Adult Social Care and Safeguarding</p> <p>Debbie Crohn – Head of Service</p>

Direct Payment Card accounts are now the preferred method of making a direct payment resulting in reductions in Financial Monitoring administration and more effective debt management. Further improvements are being implemented following a recent audit.		
Progress update		
Solid progress is being made in implementing the actions from the audit with all actions either fully complete or in progress. Key actions and outcome to date include:		
<ul style="list-style-type: none"> - End to end review of the Direct Payment process - Identification and refresher training for staff on Direct Payments - Embedding of strength based and outcome based assessments and conversations - Increasing the number of service users in receipt of a direct payment enabling service users to have control over care which meets their care needs 		
Whilst some slippage has taken place against the original completion date, this area is on track for consideration to be removed as an Annual Governance Statement item in March 2019.		

8. Learning Disability/Supported Living Reviews	Completion Date	Responsible Officer(s)
<p>An improvement area was identified relating to annual reviews within the Learning Disability Team. There was a risk that some of these reviews may relate to individuals who have not had a financial assessment, are not contributing towards their care and support and have not been considered for Continuing Health Care (CHC) funding.</p> <p>ACTIONS: All of the 316 people identified in supported living had a review of their care and support needs, and where appropriate and required, are now being supported to contribute their disposable income towards their care. A contractor has been appointed to undertake a comprehensive review of all support living age placements in the borough. It is anticipated that all reviews, along with 70 high cost placement reviews will be completed as per contract.</p>	March 2019	<p>Karen Johnson - Assistant Director Adult Social Care and Safeguarding</p> <p>David Eckersley – Head of Service</p>
Progress update		
Whilst some progress has been made by the contractor in carrying out these reviews, there has been slippage in their completion and we are working with the contractor to resolve these issues and the revised completion dates are not yet clear.		

9. DOLS (Deprivation Of Liberty Safeguards) – Best Interest Assessments	Completion Date	Responsible Officer(s)
Internal Audit identified anomalies in relation to payments made for Best Interest assessments, which had arisen due to poor financial and administrative processes. An audit has been completed.	March 2019	Karen Johnson - Assistant

<p>ACTIONS: Recommendations from the audit have been considered and agreed and priorities identified with timescales and review arrangements.</p>		<p>Director Adult Social Care and Safeguarding Griff Jones – Head of Service Safeguarding and Mental Health</p>
<p>Progress update</p>		
<p>Actions around the payment issue have been completed but following a full system review, Internal Audit have identified a number of other actions that need to be addressed. Whilst many of these actions have been implemented, a number of these actions remain and are being worked on by the DOLs team with the support of audit. Outcomes of this work include:</p> <ul style="list-style-type: none"> - the backlog in notifications has been reduced from 900 to none. - Work on orders no longer required has resulted in only 9 orders remaining from 2017/18. <p>The issues resolved centred on Performance Management in the DOLs team. Staff are clear on performance standards and productivity has increased. Whilst some of the actions do have revised timeframes which have been agreed with audit, overall delivery of the outstanding actions should be achieved within the original timescales. This area is on track for consideration to be removed as an Annual Governance Statement item in March 2019.</p>		

10. Adult, Health And Wellbeing - Contract And Commissioning Arrangements	Completion Date	Responsible Officer(s)
<p>There has been a large number and value of ongoing contract breaches and waivers occurring within the Adults, Health and Wellbeing Directorate. Some of this is linked to the strategic and transformation plans for the future provision and commissioning of services. However, some other elements have been in breach for lengthy periods of time and now need to be progressed more quickly.</p> <p>ACTIONS: Action has been taken to increase capacity in the team including recruitment to key posts to support this work. Nonetheless significant commissioning activity continues to be undertaken including the Learning Disability Supported Living Service and other housing related support services. Reports recently taken through Cabinet, 27th March 2018, to establish approval to commence procurement processes.</p>	<p>Ongoing throughout 2018/2019</p>	<p>Denise Bann – Strategic Lead Commissioning</p>
<p>Progress update</p>		
<p>No contract breaches have been identified in the first half of the 2018/19 year. Waivers granted to contract procedure rules have been minimal. The Commissioning and Procurement Plan for 18/19 is on track to re-commission the 30 contracts due to expire in this financial year. The progress reported here reflects</p>		

the aim to have all the contracts recommissioned by the 31st March 2019.

11. Data Quality Arrangements	Completion Date	Responsible Officer(s)
<p>Annual Self Assessments across the council for statutory returns have been completed and policy monitoring and eLearning training continues to be monitored. Directors have supported a proposal for additional resources to accelerate improvements of data quality in areas identified as priority for the organisation.</p> <p>ACTIONS: An Action Plan will be developed for 2018/19 which will be delivered and monitored by the Data Quality Working Group, with particular focus on targeted resources to DIPs development and migration, strengthening data quality in the Performance Management Framework and links to GDPR. The SIRO Board will oversee this work and the membership of the group will be widened to cover the planned areas of improvement.</p>	<p>April 2018 and throughout 2018/19</p>	<p>Lee Tillman – Assistant Director of Strategy & Performance</p>
Progress update		
<p>Following the approval of proposals to accelerate data quality improvement, a recovery plan has been implemented to make resources available to carry out this proposal. The Data Quality Working Group and Strategy and Performance Unit proposed that a short-term task-and-finish group will be created for a six-month focused drive on priority data areas, primarily those being migrated into the DIPS system. An additional sub-team will be created for a fixed 18-month programme aimed at building and embedding a culture of improved data quality across the organisation. These sub-teams will be based in the Strategy and Performance Unit. These posts are due to go for recruitment before the end of October 2018.</p> <p>These actions will resolve both the problem with data quality in existing and historical records, and future data quality problems.</p> <p>The majority of the activity is on track for initiation within the agreed timescale. The recruitment for this activity has the potential to delay the start, depending on our ability to attract suitable candidates.</p>		

12. Income management	Completion Date	Responsible Officer(s)
<p>Internal Audit identified weaknesses regarding compliance with the Council’s procedures and for monitoring and collecting debt. The first phase of the Income Management project was successfully completed which included a series of focused reviews of targeted areas that delivered improved internal controls/reconciliations.</p> <p>ACTIONS:</p>	<p>APRIL 2018 and throughout 2018/19</p>	<p>Steve Mawson – Chief Financial Officer & Assistant Director of Finance</p>

The next phase of the Income Management project is to focus on reviewing and updating income management policies and procedures plus delivering further training on income management best practices.		
Progress update		
Progress includes - The Income Management Policy has been drafted and in final stages of refinement.		
The Income Management Working Group has been established and has produced an internal Income Management Guidance (which will replace Income Management Section of Finance Manual) that is ready for sign-off. The Training and Communication plans will be established by Income Management Working Group as the next priority. This area is on track for consideration to be removed as an Annual Governance Statement item in March 2019.		

13. Doncaster Children's Services Trust Overspend	Completion Date	Responsible Officer(s)
<p>Doncaster Children's Services Trust (DCST) outturn position for 2017/18 is an overspend of £4.15m. The projected position continued to increase during 2017/18, from £1.6m at quarter 2. The pressures are mainly due to more children in care (45 more in the Care Ladder) and the cost of more complex cases.</p> <p>ACTIONS: To address these issues:</p> <ul style="list-style-type: none"> • The Budget for 2018/19 has been agreed with DCST via their Medium Term Financial Strategy (MTFS); this re-bases the budget to reflect the current care ladder activity and includes a commitment towards significantly reducing the cost base. • A review of costs and the Medium-term Financial Strategy (MTFS) will be undertaken to fully understand the assumptions to deliver the significant savings in 2018/19 and identification of additional savings for 2019/20 and 2020/21. • Close monthly monitoring of the financial position during 2018/19 through the improved governance arrangements, including the provision of clearer transparent financial information. 	Ongoing during 2018/19 (Review of MTFS to be completed by end of June)	Steve Mawson – Chief Financial Officer & Assistant Director of Finance
Progress update		
The major activities completed are the close monitoring of the financial position during 2018/19 to understand the forecast overspends projected of £6m. The monitoring reports have been improved to enable clearer financial information to be provided.		
The Council will be progressing a Cabinet decision in October to approve a contract variation of £6m for the additional demand in 2018/19. The financial position will be		

closely monitoring during the remainder of the financial year.

The next activity is to understand the impact of the 2018/19 position on the 2019/20 budget, which will be completed in early November 2018. This will involve reviewing the annual cost of any in-year changes, options for cost reduction and any further cost demand pressures for 2019/20.