



Doncaster
Council

APPENDIX A

ANNUAL GOVERNANCE STATEMENT 2018/19



Scope of responsibility

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

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

Doncaster Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government*'. A copy of the Doncaster Council's Corporate Code of Governance is on our website at www.doncaster.gov.uk or can be obtained from The Strategy & Performance Unit, 01302 862533.

This statement explains how we have complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which we are directed and controlled and our activities through which we account to, engage with and lead our communities. It enables us to monitor the achievements of our strategic objectives and to consider whether those objectives have led us to delivery appropriate services that are value for money.

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

The report covers 1st April 2018 to 31st March 2019. However, any significant events or developments relating to the governance system that occur between the year-end and the date on which the Statement of Accounts is signed will be included in this report.

Our Governance Framework

Audit Committee

The Council's Audit Committee oversees the production of the Council's statutory accounts, the management of risks within the Council, the operation and effectiveness of the Council's internal control arrangements, and has responsibility for ensuring appropriate standards of ethical governance are in place and maintained.

The Committee has a programme of work in place to ensure it fulfils its responsibilities. The Committee has overseen and supported positive progress in a number of areas during the year, including:

- Improved risk management arrangements;
- A positive Internal Audit assessment of the Council's control environment and is reflected in the Head of Internal Audit report.
- Supporting the maintenance of the good standards and positive external audit report achieved in producing the Council's Statement of Accounts, while meeting shorter timescales now required.
- A continuing positive external audit opinion on the Council's Value For Money arrangements
- Calling officers to account where explanations over any lack of progress are required. Resulting in improved arrangements in several areas brought to its attention
- Ensuring appropriate action is taken to implement audit recommendations. This has brought about a notable reduction in the number and significance of outstanding recommendations. This in turn has led to a number of AGS items now being classed as complete as a the date of the AGS

The Audit Committee produces an Annual Report which is available doncaster.gov.uk

Governance Group

The Group which is chaired by the Monitoring Officer leads on the development of governance arrangements at the Council and ensures the Council complies with best practice guidance issued by CIPFA / SOLACE and any other sector leading advice.

Role of Internal and External Audit

The council has both internal and external auditors.

The role of Internal Audit is to:

- give independent assurance that internal controls operated by the Council are sound and are effective
- alert managers to areas of potential weakness and to make recommendations for improvements
- give unbiased professional advice on policies, procedures, practices and systems
- All councils are subject to ongoing scrutiny by External Audit and their role is to:
- Review the accuracy and completeness of the Council's financial accounts and specified grant claims submitted for payment to various Government Departments
- Review the Council's arrangements for the achievement of economy, efficiency and effectiveness in the use of its resources, in accordance with Best Value principles.

Internal Audit and External Audit aim to coordinate their work to get best value from the resources in use and to do this aim to work closely together to achieve our objectives.

Grant Thornton have been appointed as external auditors to the Council for the 2018/19 audit onwards and so have not yet completed a full audit. KPMG were the previous external auditors since 2012/13. In their final annual report, presented to Audit Committee on 26th July 2018 they gave an “unqualified audit opinion” on the Council’s financial statements for 2017/18 and an unqualified Value for Money (VFM) conclusion for 2017/18. Internal Audit were able to provide a positive opinion in their annual report for 2018/19, which alongside the good VFM conclusion, indicates there is sound governance, risk management and internal control in place safeguarding Council resources.

Overall the KPMG annual report is an extremely positive one as it has been in previous years and with the “unqualified audit opinion”, recognises the further improvements that have been made by the Council in preparing the Statement of Accounts for audit. The quality of the working papers and the supporting information has improved year-on-year with the working papers, once again, meeting the standards specified in the Accounts Audit Protocol with a clear audit trail provided and responses to audit queries were provided in a timely manner.

Our Approach to Risk Management

Doncaster Council recognises that risk management is an integral part of good governance and management practice.

Managing our risks effectively contributes to the delivery of the strategic and operational objectives of the authority. Doncaster Council manages risks via a Risk Management Framework that has been designed to provide structure and guidance to support our organisation, and the individuals within it, to take positive risks in an informed way. An updated strategy was considered and approved by Audit Committee on 31st January 2019.

Review of effectiveness

Doncaster Council has responsibility for conducting, at least annually, a review of the Effectiveness of its governance framework including the system of internal control. The Strategy and Performance Unit led the Annual Governance review.

The review of effectiveness is derived from two perspective, corporate and service areas. The corporate perspective is taken from existing intelligence proved by colleagues holding key governance position within the authority including the Head of Internal Audit, the Caldicott Guardian, Senior information Risk Owner, Section 151 Officer and the monitoring Officer. The current strategic risk register and complaints received are also reviewed. The service area perspective is proved by each Head of Service via a series of governance statements in the form of a self-assessment.

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

Significant governance issues identified in 2018/19

Whilst we are satisfied with the effectiveness of corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance the following new issues have been identified for improvement as part of the 2018-19 Annual Governance Statement process:

ISSUE: MAJOR TECHNOLOGY UPGRADES REQUIREMENT

Most of our current operating and desktop software has been set an 'end of life' deadline nationally which requires both council wide and partner server, databases and systems to be upgraded to ensure they all continue to be supported, secure and achieve Cabinet Office Public Service Network security accreditation.

Also there has been a significant cost increase of Microsoft on premise licensing from 2019-20. Both these issues have initiated an extensive programme of work to move significant technology used into the Cloud so it is more cost efficient and implement the extensive upgrade of all servers, systems and desktops as required.

Actions:

This large programme of work branded as 'The Big IT Thing' is well underway with strong governance, extra temporary resources where required and a re-prioritisation of technology projects workload delivered by the ICT/Digital team for DMBC, DCST and SLHD to ensure capacity within the Council's permanent workforce. The following deliverables need to be achieved:

- The upgrade of all desktop equipment to Windows 10;
- The upgrade of all servers;
- Compatibility of all systems ensured;
- Upgrades of systems not compatible if possible;
- Alternative arrangements for those that cannot be upgraded;
- New cloud email solution;
- Replacement of phone handsets with software telephony;
- Implementation of Office 365; and
- Lots of behind the scenes technical changes.

Responsible Officer:

Julie Grant – Assistant Director of Customers, Digital & ICT

Completion Date:

March 2020

ISSUE: ORGANISATIONAL WORKFORCE

Within this context the council needs to ensure it has the right people, with the right skills, working in the right way, within effective roles, programmes and flexible structures. This brings a series of core behaviours and key competencies that are needed to address both capacity and capability issues within the organisation to successfully drive through performance.

As an organisation we need to systematically identify and address critical skills gaps now and for the future; develop and deploy resources to ensure services can be delivered to a high standard and are value for money.

There are already a number of current and emerging recruitment difficulties and skill shortages for certain occupational groups, in particular IT, adult social workers and occupational therapists, which need to be addressed.

Actions:

To be monitored and addressed through priority actions included in this year's workforce strategy 2019/20, specifically:

- Developing the Employee Resourcing Strategy to enable a shift from a functional approach towards a more flexible model based on behaviour and skills, supporting effective talent management

Completion Date:

March 2020

<ul style="list-style-type: none"> • Promoting and enabling effective succession planning across the organisation and with Partners • Ensuring leadership development and learning programmes meet current needs including increased horizon scanning of future skills requirements <p>Responsible Officer: Jill Parker – Assistant Director - HR, Communications & Executive Office</p>	
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ISSUE: ALARM RECEIVING CENTRE (ARC)
Following the implementation of a new system and previous remediation work, there is still ongoing practice and service standard issues, which have highlight areas of risk which are being addressed through the implementation of a Rapid Improvement Plan

<p>Actions:</p> <ul style="list-style-type: none"> • A full training programme has been rolled out to all staff which includes full details of the procedures, training from the system supplier and training on the new Case Management System. Workshops have also been held reinforcing the importance of these procedures. • A daily reassurance meeting chaired by a member of the management team is in place to review all cases into the suite from the previous 24 hrs, as well as checking all staffing rotas to ensure that there are no gaps and that the staffing ratios are sufficient. The data from these meetings is providing an accurate baseline of information in terms of the number of calls received and the level of incidents requiring a response. Any issues arising from this meeting is immediately actioned and there is an escalation process in place for technical issues. A dedicated support has been allocated to the project from Doncaster Council IT, the system supplier and DMBC Audit team. • A review of all current activity, structures, budgets, income and expenditure for all areas of responsibility managed through the ARC suite has been completed to better understand the capacity demand and costs. This information will be utilised as part of developing future approaches to service provision. • We are developing a more realistic, cost effective, fees and charges arrangement that ensure sustainability of the service, in line with other authorities. • We have commissioned a strategic piece of work to inform how telecare will be aligned to delivering the Adult transformation going forward as well as identifying the most effective delivery model longer term. We expect this will be completed by September 2019. <p>Responsible Officers: Bill Hotchkiss - Head of Service Community Safety Debra Smith – Head of Service In House Provision Debbie John-Lewis – Interim Assistant Director of Communities</p>	<p>Completion Date: March 2020</p>
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ISSUE: THE LOCAL PLAN

The Council need to have updated policies and allocations in line with national planning policy and legislation to ensure central government do not intervene to prepare a plan on our behalf.

Actions:

Maintain regular contact with the Planning Inspectorate (PINS) and keep them updated on the progress of the Local Plan, particularly the anticipated submission date for the Local Plan.

Agree a delivery timeframe with the Mayor and Portfolio Holder.

Ensure that the agreed corporate reporting timelines for the Local Plan are achieved through engaging with the Mayor, Cabinet and Chief Executive. Also, to provide professional advice in relation to the plan and where necessary seek appropriate legal advice.

Following Full Council publish the Local Plan for at least 6 weeks ensuring that the requirements of Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012 are being met.

Submit the Local Plan to Government for its Independent Examination in Public in accordance with Regulation 22 of the Town and Country Planning (Local Planning) (England) Regulations 2012 and ensuring all the requirements of the Regulations are being met.

Responsible Officer:

Scott Cardwell – Assistant Director of Development

Roy Sykes – Head of Planning

Completion Date:

Ongoing throughout the Local Plan process up to submission date January 2020.

ISSUE: DONCASTER CHILDRENS SERVICES TRUST

Doncaster Children’s Services Trust governance model changed on the 1st April moving from a wholly owned independent company to an ALMO (Arm’s Length Management Organisation). This model was supported by the Secretary of State for Education as the preferred approach which allows operational independence whilst at the same time providing financial security. As we move into Phase 2 of the organisational maturity it’ll be important to maintain focus on its core activities to deliver better outcomes for children, young people families and ensure that the Trust remains efficient and sustainable in the medium and longer term.

Actions:

- Establishment of revised board & effective governance requirements to reflect new ALMO structure
- Review service specification & commissioning expectations jointly
- Review performance metrics jointly
- Establish revised contract performance monitoring & reporting
- Joint work on Future Needs Placement Strategy
- Review of new arrangements with DfE after 6 months

Responsible Officers:

Paul Moffat - Chief Executive Doncaster Children’s Services Trust

Damian Allen – Director of People (DCS/DASS)

Completion Date:

October 2019

<p>ISSUE: FINANCIAL CHALLENGES WITHIN ADULTS HEALTH & WELLBEING</p> <p>Adult's services are currently facing increasing demographic and service financial pressures. This is currently underpinned & funded by short term funding sources such as Better Care Fund. Doncaster is not alone in experiencing these challenges and like many other council's we need to find effective solutions to support individuals live as well and independent life as they possibly can.</p>	
<p>Actions:</p> <ul style="list-style-type: none"> • Embed strength based social work practice and activity • Transform customer interactions into and between health and social care bodies. • Strengthen communities support arrangements • Commission effective community based support within the independent sector • Joint commissioning with health partners and better engagement with providers and the market • Greater use of technology to improve independence • Rigorous day to day performance & financial monitoring • Implementation of 2019-20 savings plan • Improved integrated front door <p>Responsible Officers: Damian Allen – Director of People (DCS/DASS) Rupert Suckling – Director of Public Health Assistant Directors within the Adults Health & Wellbeing Directorate</p>	<p>Completion Date: March 2020</p>

<p>ISSUE: ADULT SOCIAL CARE MARKET SUSTAINABILITY</p> <p>The potential impacts of this fragile market includes:</p> <ul style="list-style-type: none"> • Provider failure and associated disruption of care for people of Doncaster • Lack of investment from providers to develop services and innovate together with potential contraction of existing offer • Restricted choice of services and the providers of services for people of Doncaster 	
<p>Actions:</p> <p>This will be a staged work stream with individual milestones to be reported against.</p> <ul style="list-style-type: none"> • Co-produce a 'Market Position Statement' to support the market to make informed commercial and service planning decisions in order to stimulate a sustainable, diverse social care market to meet the current and future needs of the people of Doncaster. • Implement the two year Joint Health and Social Care Commissioning Strategy which commenced Spring 2019 and associated plans • Develop and maintain an ongoing awareness of local business environment for providers, providers business models and other intelligence to inform commissioning actions • Ongoing engagement with providers through partnership arrangements, contract management and contract monitoring activity to maintain oversight of the social care market in Doncaster <p>Responsible Officer: Denise Bann – Strategic Lead Commissioning</p>	<p>Completion Date: March 2020</p>

An update on Key Improvement Areas that were previously identified and remain an issue in 2018-19

ISSUE: DATA QUALITY ARRANGEMENTS

An improvement area has been identified around the quality of historic data, as well as resilience of current plans to embed a good data quality culture. It is important to ensure that historic data being migrated between information systems is of good quality. Proposals were approved to make resources available to address these areas.

Actions:

A six-month exercise aimed at addressing historic data quality issues has begun. This work put particular focus on data being migrated into the DIPS case management system to ensure that existing issues are not replicated in the future. Significant progress has been made in this area and resources have been made available to extend this exercise to December 2019. In order to address potential future data quality concerns, an additional 18-month programme of work has also commenced, focusing on embedding a more resilient approach to data quality into the organisation.

A Data Quality Project Board was formed to oversee this progression into 2019/20, replacing the Data Quality Working Group

Responsible Officer:

Lee Tillman – Assistant Director of Strategy & Performance

Completion Date:

Ongoing

ISSUE: IMPLEMENTATION OF THE INTEGRATED PEOPLES SYSTEM

The implementation of this integrated technology solution for Adult and Children Social Care and Education Management highlighted in last year's statement is progressing well but due to its importance and how it will transform these services over the next year and thereafter, it is remaining as a key issue to monitor. This is a very complex programme that is implementing best practice and improved processes. It involves new ways of working with 3,000 users from the Council and partners

Actions:

The programme is being tightly led and managed with Director sponsorship and effective governance throughout with appropriate preparation across the Council and Doncaster Children's Services Trust (DCST). All areas are contributing a resource to ensure the programme has every chance of succeeding.

A phased completion is underway and the following continue to be implemented across the Council and DCST:

- Best practice processes;
- Adult social care & children's social care case management;
- Social Care financials;
- Citizen, provider, professional and parent portals;
- Education management;
- Integrated digital care record;
- Integration with other key systems;
- Training staff across the organisations.

Responsible Officer:

Julie Grant – Assistant Director of Customers, Digital & ICT

Completion Date:

Ongoing

ISSUE: GENERAL SIGNIFICANT FINANCIAL CHALLENGES 2019/20 and 2020/21 –

The Council faces a number of significant financial challenges which if not managed carefully in 2019/20 could potentially lead to an overspend position and a reduction in the level of general reserves, these include:

- Potential shortfall on the delivery of savings which are increasingly more challenging to achieve such as the Your Life Doncaster programme which will also deliver significant service changes.
- Managing emerging budget pressures e.g. Services traded with schools, project support.

The Council also needs to produce a balanced budget plan for 2020/21, to meet the forecast budget gap estimated at circa. £13m.

Actions:

The financial position will be closely monitored; including the continued development of monthly monitoring by managers, improving the financial information provided to enable them to carry out their role.

To undertake further scenario planning for the 2020/21 funding position and agree the strategy to identify options to deliver the budget gap.

Prepare a robust Medium-term Financial Strategy with savings proposals to meet the 2020/21 gap for approval by Cabinet.

Responsible Officer:

Steve Mawson – Chief Financial Officer & Assistant Director of Finance

Completion Date:

Regular monitoring until 31st March 2020.

31st July 2019

October 2019

Statement of Commitment

We have been advised of the implications of the result of the 2018-19 review of the effectiveness of the governance and internal control frameworks by the Audit Committee and of the plans to address identified weaknesses and ensure continuous improvement of the system in place. We propose over the coming year to take steps to address the above matters to enhance further the Council's governance and internal control arrangements.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and that we will monitor their implementation and operation over the next year and as part of our next annual review of effectiveness.

Signed on behalf of Doncaster Council - July 2019:

Ros Jones
Mayor of Doncaster

Damian Allen
Chief Executive

Key Areas of Improvement from previous Statements that have been completed

There are a numbers of areas requiring improvement that have been identified in previous statements that have been effectively managed to the extent that they are no longer significant in 2018/19. These are:

- ❖ **Alarm Receiving Centre (ARC) System** - A review of the system within the Alarm Receiving Centre (ARC) and HEART response team raised concerns about the efficacy and business continuity of assistive technology. A new system has been procured and staff training has commenced. Data reconciliation has also been completed which will enable full roll out of the new system.
- ❖ **Direct Payments** - In 2015/16 there was a high level of overpayments that had been made in paying personal budgets for direct payment recipients in adult social care. Consequently two audits were undertaken and the service have been implementing the actions from the audit with all actions either fully complete or nearing completion. Key actions and outcomes to date include; End to end review of the Direct Payment process, Refreshing the direct payment policy and procedure, All new direct payments are made via a pre-payment card, Commissioning an external money management service who will oversee the direct payment process on behalf of DMBC, Dedicated resources being identified to recover outstanding debt from overpayment of direct payments, Identification and refresher training for all staff on Direct Payments, Embedding of strength based and outcome based assessments and conversation, Increasing the number of service users in receipt of a direct payment enabling individuals to have control and independence on choosing the care they need to meet their assessed outcomes.
- ❖ **Adult, Health and Wellbeing - Contract and Commissioning Arrangements** - There has been a large number and value of ongoing contract breaches and waivers occurring within the Adults, Health and Wellbeing Directorate. Action has been taken to increase capacity in the team. There have been no breaches; and waivers granted to contract procedure rules have been minimal. The Commissioning and Procurement Plan for 18/19 is on track to re-commission the contracts due to expire during the financial year.
- ❖ **Doncaster Children's Services Trust (DCST) Overspend** - The outturn position for 2017/18 was an overspend of £4.15m. The projected position continued to increase during 2017/18. The pressures were mainly due to more children in care and the cost of more complex cases. We have continued close monitoring of the financial position during 2018/19 and monitoring reports have been improved to enable clearer financial information is provided. Also there was a Cabinet approval for a £6m contract variation on 16th October 2018. The impact of current demand on the 2019/20 budget has been considered and £6.735m additional ongoing budget is included in the budget approved by Council on 4th March 2019.
- ❖ **General Data Protection Regulation (GDPR)** - The EU General Data Protection Regulation (GDPR) came into force on 25 May 2018 and brings significant changes to

the law on Data Protection. The changes implemented needed to ensure compliance with GDPR across the organisation by 25th May deadline and thereafter. All high risk areas have been addressed and further improvements to processes have been completed including privacy notices, data sharing agreements, contract variations, DPIA's for new systems and processes as well as further training for Information Asset Owners.

- ❖ **Management and stock control relating to the smart lights project** - 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. A recovery plan has been produced and was presented to Audit Committee on 25th October 2018. Monthly meetings are being held for the next 12 months to update the recovery plan as lanterns are used.
- ❖ **Devolved budgeting in Adults** - Spend and budget responsibility needs to be as close to decision making as possible to be effectively controlled. Key activity completed included establishing the most appropriate level of budget delegation for each of the commissioned services, training has been provided on the processes and system to Team Managers, Heads of Service and Assistant Directors. Devolved budgeting is in place and being reported on a monthly basis which has provided greater ownership, improved forecasting and variations are better understood collectively, leading to corrective action. This will be further strengthened through the implementation of the Doncaster Integrated Peoples Solution (DIPS) system in August 2019
- ❖ **Income Management** - Internal Audit identified weaknesses regarding compliance with the Council's procedures and for monitoring and collecting debt. The policy and guidance has been updated and is now published for staff to access and we are currently in the process of preparing to train financial management staff.
- ❖ **Learning Disability/ Supported reviews** - An improvement area was identified relating to annual reviews within the Learning Disability Team. A work stream has been ongoing to review all residents in commissioned supported living in Doncaster to ensure that outcomes are identified and being met and to ensure best value for residents and the council. A private social work agency has been contracted to undertake this work. There has for reasons beyond Doncaster Council's control, been some delay in this work being progressed as initially planned, Work has been undertaken to support the contracted provider and as of 15th Feb 2019 it is confirmed that this work has now been complete. Further work for the learning disability team to put into effect the outcomes of the reviews going forward and a plan is being put into place to set key milestones and timescales for implementation.
- ❖ **Deprivation of Liberty Safeguards (DoLs) – best interest assessments** - Internal Audit identified anomalies in relation to payments made for Best Interest assessments, which had arisen due to poor financial and administrative processes. Action has been taken to ensure compliance with the audit actions. The few remaining actions are linked to the implementation of the new DIPs/Mosaic system and are therefore reliant on the system going live.