



Doncaster  
Council

Appendix B

Report

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*Draft*  
**ANNUAL GOVERNANCE  
STATEMENT  
2021/22**



## Introduction

This statement explains how Doncaster Council (the Council) has complied and meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 6 (b), which requires all relevant bodies to prepare an Annual Governance Statement.

## Scope of responsibility

Doncaster Council is responsible for ensuring that its business is conducted in accordance with the law, and proper standards, that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements that ensure, secure and 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, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk whilst demonstrating a commitment to openness and acting in the public interest at all times.

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This document defines standards of behaviour for members and staff, as well as including policies that deal with whistleblowing and conflicts of interest. A copy of the Council's Corporate Code of Governance is on our website at [www.doncaster.gov.uk](http://www.doncaster.gov.uk) or can be obtained from The Policy, Insight and Change Team, 01302 862533

## The purpose of the governance framework

The governance framework comprises of systems and processes culture, and values by which we are directed and controlled, and 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 deliver appropriate services that are value for money.

The Council's 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 controls 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.

Whilst the AGS considers the period 1st April 2021 to 31st March 2022, it must also reflect any significant events or developments relating to the Council's governance system that have occurred between the year-end and the date on which the Statement of Accounts will be signed off (October 2022)

## Financial Management Code

Strong financial management is an essential part of ensuring public sector finances are sustainable. The CIPFA Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and assurance that authorities are managing resources effectively. The FM Code identifies risks to financial sustainability and introduced a framework of assurance.

Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The Council has undertaken an assessment of compliance with the principles of the FM code. This assessment has confirmed the Council's compliance, with some actions identified for further improvement which have been reported and agreed with management.

## Our Governance Framework

The Council's executive arrangements and the oversight of its functions ensures strong political, strategic, and partnership leadership arrangements. We have a clearly visible golden thread linking our partnership wide Borough Strategy (Doncaster Delivering Together) priorities into our Corporate and Service Plans as well as our Performance Development Review process. Our Borough Strategy highlights the vision for the Council and its partners, and the intended outcomes for citizens and service users. It is used as a basis for our service plans and establishes clear channels of communication with all sections of our communities and other stakeholders, ensuring accountability and encouraging open consultation.

The Council has effective arrangements in place for the discharge of the Head of Paid Service function, The Chief Financial Officer S151 function, and the Monitoring Officer function in their roles as the Council's Statutory Officers. Where necessary induction arrangements include tailored introductions to the council's structure, decision making arrangements for officers and members who are new to the council or the Senior Leadership Team, and information on key policies and procedures.

The Council's Audit Committee (the Committee) is a key component of Doncaster Council's Corporate Governance providing an independent and high-level focus on the audit, assurance, and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit Committee is to provide independent assurance to the Members on the adequacy of the risk management framework and the internal control environment. It provides an independent review of the Council's governance, risk management, and control frameworks as well as overseeing the financial reporting and annual governance processes. It oversees both internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

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

- Helping to maintain and improve the Council's system of risk, governance and control by reviewing internal and external audit work carried out during the year; This includes ensuring for Internal Audit that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019) and that the Internal Audit function operates to their relevant professional standards which are the United Kingdom Public Sector Internal Audit Standards. The Committee received this assurance independently this year through the External Quality Assessment carried out by the Head of Internal Audit from Rotherham Council who assessed Doncaster's Internal Audit team to be operating at the highest level of conformance with these standards;
- Supporting improvement in the Council's control arrangements by ensuring appropriate action is taken to implement management actions arising from audit recommendations and calling officers to account where explanations over any lack of progress are required;
- Critically assessing the Council's governance arrangements and supporting the production of an Annual Governance Statement;
- Supporting the maintenance of the good standards achieved in producing the Council's Statement of Accounts;
- Supporting the Council's antifraud, bribery and corruption arrangements and noting progress in this area as set out in the annual fraud report, this was especially important this year again with the heightened risk of fraud due to the pandemic;
- Ensuring the Council's surveillance policies are kept up to date and reviewing surveillance carried out by the Council;
- The last year has continued to be influenced due to the COVID 19 Pandemic. The committee has continued to be actively engaged with the Head of Internal Audit and other officers during this period to understand the nature and depth of challenges relevant to the committee.

The Audit Committee produces an Annual Report, which are available [doncaster.gov.uk](https://www.doncaster.gov.uk)

### **Governance Group**

This Group, which is chaired by the Monitoring Officer, leads on the development of governance arrangements at the Council and ensures that it complies with relevant laws and regulations, internal policies, and procedures, and that expenditure is lawful and conforms to 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. Internal Audit and External Audit aim to co-ordinate their work to get best value from the resources available and aim to work closely together to achieve the Council's objectives.

The role of Internal Audit is to:

- give independent assurance over the Council's risk, governance and control arrangements

- alert managers to areas of potential weakness and to agree management actions 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:

- give an opinion on the Council and group's financial statements
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion)
- audit specified grant claims required for various Government Departments

Grant Thornton were appointed as External Auditors to the Council for the 2018-19 audit onwards and in their third annual report, presented to Audit Committee in November 2021 they gave an “unqualified audit opinion” on the Council’s financial statements for 2020-21 and a positive Value for Money (VFM) conclusion for 2020-21 at April 2022 Audit Committee. This is consistent with the opinions provided in previous years. Internal Audit were able to provide a positive opinion in their annual report for 2021-22, which alongside the good VFM conclusion, indicates there are sound risk, governance, and control arrangements in place.

These positive opinions are especially important during the ongoing coronavirus pandemic and provide reassurance during a period where these arrangements have been subject to considerable “stress-tests”

Overall, the Grant Thornton annual report was an extremely positive one as it has been in previous years and with the “unqualified audit opinion”, recognising 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. Responses to audit queries were also provided in a timely manner.

Additionally both the preparation of accounts and their audit all had to be carried out virtually, which presented its own challenges. Nevertheless, this was all completed with minimal slippage against statutory deadlines, which was not the case for many other authorities nationally, and the work of all parties in achieving this is acknowledged.

The 2021/22 audit should start after the draft accounts have been published in July 2022 and Grant Thornton are anticipated to present their annual audit report to Audit Committee before the end of February 2023.

### **Our Approach to Risk Management**

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

Managing the Council’s risks effectively contributes to the delivery of the strategic and operational objectives of the authority. The 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.

## Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Policy Insight and Change team led the Annual Governance review.

The review of the Council's effectiveness is derived from two perspectives, corporate and service perspectives. The corporate perspective is taken from existing intelligence provided by colleagues holding a key governance position within the authority including the Head of Internal Audit, the Caldicott Guardian, Senior Information Risk Owner, Section 151 Officer, and Monitoring Officer. The current strategic risk register and complaints received are also reviewed. The service area perspective, including that of key partner organisations, is provided by each of the Council's Heads of Service, via a series of governance statements, in the form of a self-assessment and other information provided. The individual statements are reviewed and an overall declaration provided by the relevant Assistant Director, which is then summarised to create a single return for the Director to review and update as required.

The Council has been advised on the implications of the result of the review of the effectiveness of the governance framework by its Executive Board and Audit Committee, and that these 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.

The Council's governance arrangements have continued to hold strong and its administration arrangements effective during these unprecedented times. The Council has maintained adherence to its Financial Procedure Rules and Contract Procedure Rules, for example, by progressing variations to contracts delivering Adult Services and Public Health Functions. On behalf of the Government, the Council has also administered significant additional business rate reliefs and grants to businesses. This includes the added complexities of some of the funding being channelled via the South Yorkshire Mayoral Combined Authority (SYMCA) and the discretionary nature of some of the support payments.

The Council's approach has been to undertake proactive checks to verify business credentials before any payments were released. This has had the effect of minimising the Council's fraud exposure, but as with all fraud, it is impossible to stop completely. The report to Audit Committee on 28th November 2021, Preventing and Detecting Fraud and Error – October 2020 to September 2021, provides further updates on Covid related Business Rates grant fraud and error. Such grants in this period were more wide-ranging to reflect the ever changing restrictions in place. We have now paid out in excess of £110m for these grants with a rate of fraud or error detected below 1% with further checks continuing to be made into the 2022/23 year.

The Council's Constitution allows for urgent decisions to be taken and implemented immediately. Such decisions are referred to as Rule 16 Decisions and do not require 28 days advance notice publication on the Forward Plan, and may not be called-in by Councillors. The Constitution requires that such decisions may only be taken if the Chair of the Council's Overview & Scrutiny Committee agrees that the decision is urgent. Traditionally, such decisions are rarely taken, however the continued response to the Covid-19 pandemic has led to 33 such decisions being utilised in the past 12 months.

Most decision making has been in relation to the acceptance and utilisation of Covid-19 response grants. In all such instances all appropriate scrutiny has been taken (including notifying all Councillors of decisions taken) with the process demonstrating that Council decision making can be agile and responsive to urgent circumstances. A report detailing the annual use of Rule 16 decisions was presented to Council on 28<sup>th</sup> February 2022.

## Effectiveness of arrangements and level of assurance

2021-22 continued to be a challenging year for the Council’s services as the COVID-19 pandemic impacted across the organisation. Throughout this time the Council’s governance arrangements held strong and were effective, allowing it to be both flexible and confident in responding to emerging priorities, changes to service delivery and timely decision making. The Council continues to follow CIPFA guidance incorporating the published updates for the production of the Annual Governance Statement.

Despite the volatility of the 2021-22 year, the Council believes that it can give a reasonable and soundly based level of assurance over these conclusions.

## Significant governance issues identified in 2021-22

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 issue have been identified for improvement as part of the 2021-22 Annual Governance Statement process:

<p><b>ISSUE: Doncaster Inspection of Local Authority Children’s Services (ILACS)</b>          Following the recent Ofsted inspection of children safeguarding services delivered by DCST where the overall outcome judgement has been ‘Requires Improvement to be Good’ a number of recommendations have been highlighted to bring about improvement at pace around some Children’s Services and the governance over these services.</p>	
<p><b>Actions:</b>          A Post OFSTED Improvement Plan is being developed for approval and then implementation over the agreed timescales. The improvement journey is seen over 3 years with the first year’s activity to improve to a level of ‘Good’.</p> <p><b>Responsible Officer:</b>  <b>Rebecca Wilshire – Director of Social Care within DCST</b>  <b>Riana Nelson – Director of Learning, Opportunities and Skills and Chief Executive Doncaster Childrens Services Trust (Statutory Director of Children Services)</b></p>	<p><b>Completion Date:</b>          March 2023</p>

## An update on Key Improvement Areas previously identified that remain an issue in 2021-22

<p><b>ISSUE: Partnership Recovery &amp; Resilience in relation to DCST (Principle F)</b></p> <p>The effects of the last 2 years, have resulted in increased demand and significant pressures on the Children’s Social Care systems. A decision was taken by Cabinet to transfer the provision of social care services to Doncaster Council and serve notice on the contract with Doncaster Children’s Trust. This next phase in the journey of Children’s Services in Doncaster will enable direct accountability and responsibility for the delivery of frontline services, with a focus on accessible and accurate performance data for management oversight and an assurance function that highlights concerns at the earliest possible stage. The voluntary Improvement Board has been decommissioned and the revised Doncaster Safeguarding Partnership governance is in place that will deal with issues relating to partnership contributions to the safeguarding system.</p>	
<p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>• Serve notice on the DCST contract by mutual agreement with the Trust Board.</li> <li>• Transition via TUPE transfer all DCST staff into the Council</li> <li>• Align safeguarding services with education and early help services within the Council.</li> </ul> <p><b>Responsible Officers:</b>  <b>Riana Nelson – Director of Learning, Opportunities and Skills and Chief Executive Doncaster Children’s Services Trust</b>  <b>Debbie Hogg – Director of Corporate Resources</b></p>	<p><b>Completion Date:</b>            March 2023</p>
<p><b>ISSUE: Adult Social Care Market Sustainability (Principle D)</b></p> <p>The Social Care Market nationally and locally remains fragile and challenged. There is a significant amount of work and change needed in this area through the coming year. Funding and charging reform needs to be worked through this year to be ready for implementation in 2023. Continued investment and support will be needed in the care market in the coming year.</p>	
<p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>• Implement 2022 fee uplifts following Doncaster Council consultation with providers (April 2022)</li> <li>• Implement and embed Provider Assessment and Market Management Solution (PAMMS) for Quality Assurance monitoring (April 2022)</li> <li>• Undertake and complete Fair Cost of Care Exercise (September 2022)</li> <li>• Task and finish group (cross council) to be created for preparing services for charging/ funding reform (May 2022)</li> <li>• Preparation work and market consultation for new Domiciliary Contract (January 2023)</li> <li>• Draft charging policy changes ready for implementation in 2023 (April 2023)</li> </ul> <p><b>Responsible Officers:</b>  <b>Phil Holmes – Director of Adults, Health &amp; Wellbeing</b>  <b>Carolyn Nice – Assistant Directors Adults, Health &amp; Wellbeing</b></p>	<p><b>Completion Date:</b>            April 2023</p>



## Statement of Commitment

We have been advised of the implications of the result of the 2021-22 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:

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**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 at this point in the 2021-22 Annual Governance Statement. These are:

- ❖ **Food Safety and Trading standards inspection arrangements (Principle D)** - The Food Safety Team has now successfully recruited to two Environmental Health Practitioner posts and we continue to use agency inspectors to help address the backlog of inspections. The national regulator, the Food Standards Agency, has issued a plan which focuses on high risk inspections and one which provides a timetable to address the backlog up to 2024 – mindful of the challenges and pressures created by Covid and a shortage of EHPs nationally. Our focus remains on meeting the revised timetable while addressing high-risk premises (either due to rating or process).
- ❖ **Ensuring Building Safety Compliance** – Risks associated with Building Safety and compliance have been mitigated with a number of key operational actions and process changes. The introduction of C365 has provided the newly formed Building Safety team with a bespoke repository for all compliance certification and supporting information. The Building safety team now functions with a Building Safety Manager and 6 subject matter experts to add rigour to our processes and procedures. The recent Health Check by Pennington’s on all 6 compliance areas has provided an opportunity to verify our approach from an external perspective and offer assurance to our Board and Doncaster Council. The additional accreditation and audits also offer reassurance that we are compliant. The introduction of St. Leger Homes Building Safety Committee, in addition to the Building safety Group and Sub Group offer layers of governance and further reassurance that we are prepared for future legislation changes.
- ❖ **Cyber Attack Business Continuity (Principle F)** - A Risk was identified that acknowledged the heightened risk globally and the successful cyber-attacks on other authorities despite the technical security measures taken and in place. In response to this risk all business continuity plans in the Council, SLHD & DCST have been reviewed. A pre-prepared Communication Plan has been developed and the immediate response action plan considered by Emergency Planning. The prioritised list of business systems for a recovery scenario is complete and being continually updated as changes occur. A dedicated Cyber Security Team has also been formed and the technical tools in place to deter and monitor cyber-attacks are continually being updated and implemented. To further safeguard the Council’s information, a further off-line and therefore even more secure copy of all data has also been implemented which is continually refreshed. This will greatly assist in the recovery process if an unfortunate major cyber event did occur that could not be stopped. The Council’s technical security arrangements are also monitored annually by the Cabinet Office and various security audits are

undertaken on a regular basis. A retainer with a specialist technical security company is also in place in case we need assistance in the event of a cyber-attack.

- ❖ **Assurance over future financial sustainability and supporting the recovery Process from the covid 19 pandemic (Principle F)** – A risk was identified that recognised the significant challenges and uncertainties facing the Council during the Covid -19 pandemic. These potentially could have had a sizeable impact on the future financial sustainability and ensuring a smooth transition from the pandemic. An updated Medium-term Financial Strategy for 2022/23 onwards was considered by Cabinet on 17th November 2021 which set out a sound financial position through a series of actions carried during the pandemic recognising strong financial governance and management arrangements in place. This risk is being stepped down as we continue to maintain stable budgets and into the emerging post pandemic environment.
- ❖ **Governance Functions (Principle E)** - An improvement area was identified around knowledge and understanding of various key governance policies and procedures that are in place to help support senior managers with their roles and responsibilities. A training event was held as part of the Senior Management Meetings for all senior staff to improve awareness of key governance policies, procedures and arrangements that are in place to support senior managers.
- ❖ **Organisational Workforce (Principle E)** - An area of risk was identified for the council to identify and address critical skills gaps, to retain, develop and deploy resources to ensure services continue to be delivered to a high standard and remain value for money. Actions have been implemented to ensure the organisation continues to identify and address capacity issues to successfully drive through performance now and for the future.
- ❖ **Doncaster Integrated People Solution (DIP's) (Principle D)** - This extensive and complex programme of work is now complete with all social care, early help and education management live in the same solution and all legacy solutions decommissioned. The solution will continue to be enhanced as required as part of business as usual and strategic development.