

**To the Chair and Members of the  
AUDIT COMMITTEE**

**DONCASTER COUNCIL GOVERNANCE PLAN**

**EXECUTIVE SUMMARY**

1. In the interests of good council management a specific Governance Plan has been produced. The Governance Plan combines the various actions and initiatives that are being undertaken to improve the Council and increase its ability to meet the specific and varied challenges.
2. The Governance Plan has been incorporated into the Council's Corporate Plan in order to improve the efficiency and effectiveness of managing performance and assessing progress. It is reported on a quarterly basis in line with other corporate priorities.
3. Since the last Audit Committee meeting the following recommendation(s) has been implemented: None

**Governance Plan 2015**

4. The Governance Plan for 2015 includes:
  - a) 2014 Governance Plan activities, shown at paragraph 17 of the report, that are causing particular concern;
  - b) 2014 Governance Plan incomplete activities contained within Appendix 1 of the report;
  - c) The recommendation arising from the Annual Audit Letter 2013/14:
    - i. The authority should finalise savings plans for 2015/16 by 31 December 2014; and
  - d) Any relevant updates on the Governance Strategy Action Plan.
5. In accordance with the request from Audit Committee on 28th September 2012, the Governance Group will continue to receive an update on all Governance Plan activities, and the Audit Committee will receive an update on an exception basis of those recommendations not yet completed. At its meeting held on 22 November 2013, the Audit Committee requested that future iterations of the Governance Plan include additional section information highlighting the risks involved.
6. Governance Plan updates should set out what progress has been made since the last meeting and whether the activity is on track to be delivered within the

timescales by, if appropriate, answering a series of prompt questions to ensure that the provision of consistent and relevant narrative.

7. Paragraph 17 below provides an update on the activities that are causing particular concern. **Appendix 1** includes an update on the Governance Plan activities that are not yet completed. An update on the external recommendations that need to be monitored corporately will be provided separately by Internal Audit.

## **RECOMMENDATION**

8. **Members are asked to note and comment on the progress made in relation to the activities and progress in taking forward the Governance Plan for 2015, in particular that five further activities have now been completed and will now be removed from the Governance Plan:**
  - a) Recommendation 4: The Council should vigorously pursue recovery of payroll overpayments wherever possible, and should write-off amounts where recovery is not possible;
  - b) Recommendation 5.1: Housing Services - Identify any major internal governance risks or capacity to deliver issues with regard to delivery of the improvements and the service in general as part of the Council's quarterly performance management framework;
  - c) Recommendation 5.2: Children's Services - New CYPS Improvement Plan 2012-13 to be agreed at the Doncaster Children's Board scheduled for 30 March 2012;
  - d) Recommendation 6: Digital Region Limited. The Authority should commission a full independent review of the Digital Region project to identify the lessons that should be learned. The review should be carried out as soon as possible and jointly with other stakeholders; and
  - e) Recommendation 10: The authority should finalise savings for 2015/16 by 31 December 2014.

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

9. Effective monitoring of corporate governance arrangements adds value to the Council in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough.

## **BACKGROUND**

### **The Corporate Plan**

10. The Corporate Plan combines and co-ordinates all the objectives and outcomes the Council needs to deliver during the year. This includes the activities undertaken by Directorates that contribute to the Borough Strategy, including the Partnership Stock Take outcomes, and deliver The Mayor's priorities; together with actions required to ensure that the Council improves and is governed effectively. The Council's refreshed Corporate Plan for 2014-17 was agreed at Full Council on 30th July 2015.

## **The Governance Group**

11. The Governance Group was established by the Director of Corporate Services and Finance to promote and ensure good Governance practices across the Council.

## **Annual Governance Report**

12. The Director of Finance and Corporate Services in his role as the Council's responsible financial officer approves the draft Statement of Accounts. The Accounts are presented to the Audit Committee.
13. Following approval of the Statement of Accounts an audit commences that includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes and assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

## **Value for Money Conclusion**

14. Our external auditor, KPMG, has to reach a conclusion on the arrangements the Council has put in place to secure economy, efficiency and effectiveness in its use of resources. This is known as the 'value for money conclusion'. The report considers the arrangements that have been put in place to secure economy, efficiency and effectiveness in the way resources are used.
15. The Value for Money Conclusion 2013/14 concluded that the Council had again reached the necessary standards for the KPMG to issue an "unqualified value for money conclusion".

## **Annual Audit Letter**

16. The Annual Audit Letter 2013/14 provides a summary of the key findings from KPMG's 2013/14 audit of the authority. It covers the audit of the authority's 2013/14 financial statements and the 2013/14 Value for Money Conclusion.

## **Exception Report for Activities that are a Cause for Concern**

17. The Governance Group has noted that the following activities are currently causing particular concern:
  - a) Recommendation 1: Partnership Risks Managed; and
  - b) (New) Recommendation 11: Annual Governance Statement Process.

## **IMPACT ON THE COUNCIL'S KEY PRIORITIES**

18. The delivery of activities contained within the Governance Plan 2015 will help to ensure local people get value for money from council services – Corporate Plan Outcome 5 'Council services are modern and value for money' and contribute to achieving the Council's internal transformation outcome contained within Corporate

Plan outcome 6 'Working with our partners we will provide strong leadership and governance'.

<b>Outcome</b>	<b>Implications</b>
Council Services are modern and value for money.	Monitoring of governance arrangements adds value to the organisation through a systematic, disciplined approach to evaluate and improve the effectiveness of the Council's Services
Working with our partners we will provide strong leadership and governance'	The work undertaken to monitor our governance arrangements improves and strengthens governance arrangements within the Council and its partners.

## **RISKS AND ASSUMPTIONS**

19. The most significant risk is that the current improvement is not sustained and the performance of the Council deteriorates as a result, causing further reputation damage. The impact of this is assessed as critical, but at this stage it is unlikely to happen. Nevertheless, the risk must be robustly managed.

## **LEGAL IMPLICATIONS**

20. Any specific implications will be reported separately and in the context of any initiative proposed to be taken.

## **FINANCIAL IMPLICATIONS**

21. There are no specific financial implications arising from this report; however, any costs incurred in the delivery of the Governance Plan must be contained within approved revenue and capital budgets. Where specific initiatives arise in response to the contents of the report, which necessitate the incurring costs, these will be reported separately.

## **HUMAN RESOURCES IMPLICATIONS**

22. There are no specific Human Resources implications arising from this report.

## **TECHNOLOGY IMPLICATIONS**

23. There are no specific technology implications arising from this report.

## **EQUALITY IMPLICATIONS**

24. The Council has a legal obligation under the Public Sector Equality Duty to consider how different people will be affected by their activity and service. Equalities and Due Regard issues will be considered as part of the individual policies and procedures that are contained within the Governance Plan and as a result a Due Regard statement has not been completed for this process.

## CONSULTATION

25. Consultation has taken place with the Chief Executive, Directorate Management Teams, Recovery Board, Overview and Scrutiny Management Committee, The Mayor and Cabinet during the development of the Corporate Plan 2014-17. The Governance Plan 2015 has been developed in consultation with the Governance Group.

This report has significant implications in terms of the following:

Procurement		Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	

## BACKGROUND PAPERS

The Council's Corporate Plan 2014-17  
Annual Audit Letter 2012/13  
Annual Governance Statement 2014-15

## REPORT AUTHOR & CONTRIBUTORS

Sandra Ranns            Corporate Policy and Performance Telephone: 01302 737612  
E-mail:                 sandra.ranns@doncaster.gov.uk

**Simon Wiles**  
**Director of Finance & Corporate Services**

## Doncaster Council Governance Plan 2014

### ACTIVITIES IN PROGRESS

R1	Strand		Responsible Assistant Director
R1.1	Proposed activity to deliver the recommendation (Original recommendation reference number)	Target Completion Date	Completed (Date)
R1	<b>Partnership Risks Managed</b>		<b>Steve Mawson</b>
R1.1	<b>Improve partnership risk arrangements</b>	31/03/13	
	<b>Update September 2015</b> On the 14 <sup>th</sup> July 2015, the Executive Board considered a report and associated guidance on Partnership Governance, the report was unanimously supported by the Executive who endorsed the principles of implementing a training programme that would support officers and members in the art of robust partnership governance. The training programme is currently being developed, with the intention to train all partnership lead officers and members w/c 30 <sup>th</sup> November 2015.	Web Based training November 2015  Facilitator training November 2015	
<b>Risks</b>			
<b>Update September 2015</b>			
<b>Risk 1: DMBC policies and procedures are not robust enough to protect individuals from exposing the Council to risk at a partnership meeting</b> The very establishment of a Governance framework ensures the Council has robust procedures in place to protect both Officers and Members when conducting business at Partnership Meetings: <b>Risk Profile: 9x3=27</b> <b>Mitigating Action:</b> DMBC Partnership Team, Legal and Finance Officers continually review the effectiveness of our policies ensuring the Authority is protected in the unlikely event a policy is breached.			
<b>Risk 2: The Council fails to maintain an accurate and reflective list of both Officers and Members who sit on Partnerships/ Boards.</b>			

**Risk Profile 3x1=3**

**Mitigating Action:** The Partnership team maintains an accurate record of members and officers currently in situ on Partnerships and Boards, this will be routinely monitored and communicated via the annual announcement on the appointment to outside bodies.

**Risk 3: Partnership Team loses partnership governance expertise as part of the PPR2 process:**

**Risk Profile: 9x3 =27**

**Mitigating Action:** The PPR2 process has resulted in two partnership officers declaring an expression for VR, both officers are currently producing hand over notes, however there may be further losses of experienced staff to the partnerships team which may have a detrimental impact on partnership governance.

<b>R2 Internal Audit Issues Addressed</b>		<b>Colin Earl</b>	
R2.1	<b>Performance manage critical audit actions</b>		
	% of agreed critical, major and significant audit recommendations implemented on time	On-going	
	<p><b>Update September 2015</b> Of the 25 major recommendations with agreed actions due for completion in Q1, 16 have been achieved. These are divided between the directorates as follows:</p> <ul style="list-style-type: none"> <li>• In Adults, Health and Wellbeing Services, 3 out of 5 agreed actions have been implemented or sufficiently progress to no longer be regarded as major risks including agreed actions relating to the refunds of Section 117, mental health aftercare charges and the development of a Blue Badge Enforcement Strategy and ensuring that that the bills paid for care provided actually reconcile to the care received; Outstanding actions the arrangements for ensuring accurate and full client contributions are being made as appropriate towards care costs and the evaluation of the implementation of a new Resource Allocation System for Direct Payments.</li> <li>• Regeneration and Environment, 4 out of 5 agreed actions have been implemented including improvements to markets allocations and rent collection policies and procedures. The outstanding action relates to the procurement of a new vehicle and plant hire contract, which is expected to be completed in September 2015.</li> <li>• Finance and Corporate Services, 3 out of the 5 agreed actions due in the quarter have been implemented, including the development of debt enforcement arrangements, the signing of a partners' data sharing agreement and the roll-out of the performance management framework. The outstanding actions include training on data sharing with partners and the highlighting in performance reports of targets that are continually not</li> </ul>		

	<p>met.</p> <ul style="list-style-type: none"> <li>Learning, Opportunities and Skills: 6 out of 10 agreed actions having been implemented, relating to information and ICT governance and budget related processes. Outstanding actions relate to System Asset information, change control processes and strategy.</li> </ul> <p>Internal Audit is overall satisfied that directorates are paying attention to outstanding recommendations and in particular is assisting Adults, Health and Wellbeing with strengthening its own arrangements for monitoring and ensuring the implementation of recommendations.</p>		
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**Risks**

**Update September 2015**

**If the required recommendations are not delivered within the agreed timescale there is a risk that there may be a negative impact on service delivery which may impact on the delivery of secure and effective services and the achievement of corporate objectives.**

**Risk Profile 4x3=12**

**Mitigating Action:** The reviewing and monitoring of all critical and major audit recommendations is embedded into the Corporate Performance Management Framework. There is a corporate governance indicator assigned to each Directorate that highlights compliance to all critical and major audit recommendations, and these are challenge as part of the quarterly challenge process. Further challenge will take place at Audit Committee regarding long outstanding actions in Adults, Health and Wellbeing

<b>R3</b>	<b>Data Protection Incidents Minimised</b>	<b>Simon Wiles</b>
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R3.1	<b>Improved data protection arrangements</b>	Ongoing	
	<p><b>Update September 2015</b>  The major activities completed are continued training; monitoring training completed; initiating the development of scenario based training, upgrading the breach scoring criteria increasing the score if someone has purposefully accessed data in a system when they should not leading to disciplinary action (the score was felt to be too low). The process for reporting breaches has also been updated. We are continuing to work with services who breach so they can learn from what went wrong and put measures in place to deter. All activity is on track.</p>		

**Risks**

**Update September 2015**

**Breaches in Data Protection**

Unfortunately, in quarter 1 there were 7 data protection breaches by the Council and 2 by Doncaster Children's Services Trust after the



excellent performance in quarter 4 last year with no Council breaches.

**Risk Profile 4 x 3 = 12**

**Mitigating Action:** These were mostly due to human error and as always, mitigating actions are being taken such as approaching specific services, raising and discussing at the SIRO Board, completing investigations, implementing lessons learned and taking disciplinary action where relevant as well as all staff accessing data undertaking data protection training as mandatory.

<b>R4</b>	<b>Annual Governance Report Recommendations Implemented (R6-7)</b>	<b>Jill Parker</b>	
R4	<b>The Council should vigorously pursue recovery of payroll overpayments wherever possible, and should write-off amounts where recovery is not possible (R6)</b>		
	<b>Update September 2015</b> The latest annual report for 2014/15 was presented to Audit Committee on 31 July 2015 (had to be re-convened after 16th July 2015 meeting as the full agenda could not be completed on this date). Members noted the contents of the report giving the position as at the end of the 2014/15 financial year in direct comparison to the previous year. The overall position remains positive in the outstanding balance of debt owed continues to reduce.	Completed 31 July 2015	
	<b>Risks</b>		
	<b>Update September 2015</b> <b>Management of payroll overpayments</b> Failure to prevent and recover overpayments will have a negative impact on resources available to the Council for the delivery of services. <b>Risk Profile [Impact Score x Likelihood Score = Total Score]</b> 3x2=6 <b>Mitigating Action:</b> The risk score remains unchanged from the last quarter as although the overall position of outstanding debt is reducing (a further 10% for 2014/15), there is still further actions to be taken in the debtors recovery process of historical and older debt, in particular more timely action on write offs. Monitoring of all overpayment occurrences both new and those progressing through the system will continue on a regular basis.		

<b>R5</b>	<b>The Council should closely monitor progress in making the required improvements in Children's Services and Housing Services (R14)</b>	<b>Learning and Opportunities : C&amp;YP/Scott Cardwell</b>	
	<b>Housing Services</b>		
R5.1	<b>Identify any major internal governance risks or capacity to deliver issues with regard to delivery of the improvements and the service in general as part of the Council's quarterly performance management framework (R14.2)</b>	Review quarterly during 2012/13	Completed March 2015
	<b>Update March 2015:</b> On-going work across the two services continues. A meeting to look specifically at the joint working protocol is scheduled in for early March. This will be to	On-going	

	specifically look at the Local Government Ombudsman's final decision our 'Joint Protocol for Young People Aged 16 – 17 Years in Housing Need'. We are currently reviewing the terms and condition of the joint CYPS and strategy group and are working on a new action plan to reflect the changes across services.		
<b>Children's Services</b>			
R5.2	<b>New CYPS Improvement Plan 2012-13 to be agreed at the Doncaster Children's Board scheduled for 30 March 2012 (R28.5)</b>	1 April 2012 - 30 March 2013  On-going	
	<b>Update September 2015</b> Monitoring is now in place with Learning and Opportunities: Children and Young People and the Doncaster Children's Services Trust as part of the contract		Completed October 2014
<b>Risks</b>			
<b>Update September 2015</b>			
<b>Failure to safeguard vulnerable children and to ensure sustainable children's services</b>			
<b>Risk Profile 5x3=15</b>			
<b>Mitigating Action:</b> Considerable resource has been committed to improving front-line responses, management oversight is more robust. All the performance data indicates improved risk management and more consistent conversion rates throughout the system. Case file audits show improved practice. New Improvement Plan being constructed with the Trust as above.			
<b>R6-9</b>	<b>Annual Audit Letter 2012/13 Recommendations</b>	<b>Jo Miller</b>	
<b>R6</b>	<b>Digital Region Limited. The Authority should commission a full independent review of the Digital Region project to identify the lessons that should be learned. The review should be carried out as soon as possible and jointly with other stakeholders (New)</b>	On-going	
	<b>Update September 2015</b> The four South Yorkshire authorities have now received the KPMG report 'Independent Review of South Yorkshire Digital Region Project' Key lessons to learn relate to the business case; governance arrangements, information flows and decision making, risk management, and procurement arrangements and availability of specialist advice.		Completed October 2015

R7	<b>Digital Region Limited. The Authority should ensure it has appropriate arrangements in place to manage the closure of Digital Region Limited and to minimise the financial impact on the Authority (New)</b>	On-going	<b>Steve Mawson</b> Andy Townsend
	<p><b>Update September 2015</b> The major activities completed are the continued managed close down of the company, which has ceased trading and dissolution papers filed at Companies House, and the appointment of PwC as the liquidator. The latest update provided by the liquidator showed no major problems but did not confirm the definite date where the Council's interest ends but is expected to be around the end of December 2015.</p>		

**Risks**

<p><b>Update September 2015</b></p> <p><b>Digital Region Limited costs of closure exceed the provision</b>  <b>Risk profile 1 x 1 = 1</b>  <b>Mitigating Action:</b> The latest update from PwC as liquidator raised no concerns and the level of contingency held by the Council has been reduced accordingly. Updates will continue to be reviewed and issues will be addressed accordingly</p>			
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R8	<b>Medium term financial planning. The Authority should ensure that it develops savings plans to meet the full budget gap of £109m identified for financial years up to 2016/17 (New)</b>	2014-2017	<b>Steve Mawson</b> Dave Hill
	<p><b>Update September 2015</b> The activity is on track for delivery within the agreed timescales. The 2016/17 budget gap has been reviewed for the recent budget announcement and financial monitoring information, which increases the target savings required. An initial budget timetable has been produced which details each activity and specific target completion date, leading up to approval of the 2016/17 budget in March 2016.</p>		

**Risks**

<p><b>Update September 2015</b></p> <p><b>Failure to meet the budget gap of £109m.</b>  <b>Risk Profile 3x3=9 –</b>  <b>Mitigating Action:</b> The Improvement team continues to focus on managing the projects to deliver the identified savings. The 2016/17</p>			
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budget is being reviewed and further work will progress over the coming months to ensure a balanced budget is approved for 2016/17. The risk has been increased to reflect the additional savings required..

<b>R9</b>	<b>Preparation of the financial statements. Ensure that quality assurance procedures linked to the production of the financial statements are sufficiently resourced to enable timely delivery (New)</b>		<b>Steve Mawson</b> Dave Hill
	<p><b>Update September 2015</b> The major activities completed are:</p> <ul style="list-style-type: none"> <li>• 2014/15 statement of accounts were signed by the Council's responsible officer on 23<sup>rd</sup> June 2016 and reported to Audit Committee on 16<sup>th</sup> July.</li> <li>• The public scrutiny of the Council's account ran from 20<sup>th</sup> July to 14<sup>th</sup> August</li> </ul> <p>The activity is on track for delivery within the agreed timescales; the Council is planning to finalise its audited 2014/15 accounts by 16th September.</p>	Ongoing	

**Risks**

<b>Update September 2015</b>			
<b>Risk 1: The Accounts are not prepared and signed off by the relevant date.</b>			
<b>Risk Profile 3x2=6</b>			
<b>Mitigating Action:</b> Good management of the closedown and preparation of the Final Accounts Statements and associated working papers			
<b>Risk 2: The Auditors are unable to get sufficient assurance that the accounts represent a true and fair view of the Council's and consequently qualify the Accounts.</b>			
<b>Risk Profile 3x2=6 –</b>			
<b>Mitigating Action:</b> Work closely with the auditors and ensure the working papers are complete and accurate.			

<b>R10</b>	<b>The authority should finalise savings plans for 2015/16 by 31 December 2014 (New)</b>		<b>Steve Mawson</b>
	<p><b>Update September 2015</b> The budget for 2015/16 was set in November 2014.</p>		Completed November 2014

R11	2014-15 Annual Governance Statement Process		Simon Wiles
R11.1	Significant issues identified in 2014-15 12.11 Procure to Pay 12.12 Fraud Code of Practice assessment 12.13 Doncaster Children's Services Trust 12.14 External Funding 12.15 Doncaster Market	Ongoing	
R11.2	Key improvement areas identified during 2013-14 that remain an issue in 2014-15 12.21 Direct Payments 12.22 Information Commissioner Office (ICO) Inspection and Recommendation 12.23 Corporate Procurement and Contract Management 12.24 Data Quality Arrangements 12.25 Income Management 12.26 Asset Register 12.27 Business Continuity 12.28 Risk Assessment	Ongoing	
11.3	Key improvement areas identified during 2013-14 that remain an issue in 2014-15. Certain governance issues relating to the Doncaster Children's Services Trust are indicated with an asterisk (*) and the Doncaster Children's Services Trust has been notified 12.31 *Respite Care Overpayments 12.32 *Improving Children and Young People's Services 12.33 *Professional Practice 12.34 * Children's Service – Foster Care Service	Ongoing	
	<b>Update September 2015</b> This is a new activity. An update will be presented at a future Audit Committee meeting.		
<b>Risks</b>			
<b>Update September 2015</b> This is a new activity. Risks will be presented at a future Audit Committee meeting.			