

## **ITEM No ...10.....**

**REPORT TO:** SCRUTINY COMMITTEE - 26 JUNE 2024

**REPORT ON:** ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31 MARCH 2024

**REPORT BY:** EXECUTIVE DIRECTOR OF CORPORATE SERVICES

**REPORT NO:** 163-2024

### **1 PURPOSE OF REPORT**

To present the Annual Governance Statement for approval and inclusion into the unaudited Annual Accounts for the year ended 31 March 2024.

### **2 RECOMMENDATIONS**

It is recommended that the Committee:

- i notes the contents of this covering report;
- ii approves the Annual Governance Statement which is included as an Appendix to this report;
- iii instructs the Executive Director of Corporate Services to include the Annual Governance Statement in the Annual Accounts for the year to 31 March 2024;
- iv notes that a copy of the approved Annual Governance Statement will be submitted to the Dundee Health and Social Care Partnership for assurance purposes; and

### **3 FINANCIAL IMPLICATIONS**

None.

### **4 BACKGROUND**

4.1 The relevant statutory provisions regarding the preparation of the Council's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations 2014. Section 5 of these regulations require "...an annual review of the effectiveness of a local authority's system of internal control. The findings of that review are to be considered at a meeting of elected members, and following that review, members must approve an Annual Governance Statement. There is no requirement to have separate meetings for the consideration of the findings and then the approval of the Annual Governance Statement. Both may be undertaken at the same meeting."

4.2 As in previous years the Annual Accounts (including the Annual Governance Statement) will be prepared in accordance with the Code of Practice on Local Authority Accounting (the Code) which stipulates that the following information should be included in the Annual Governance Statement:

- i. An acknowledgement of responsibility for ensuring there is a sound system of governance;
- ii. An indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide;
- iii. A brief description of the key elements of the governance framework;
- iv. A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of the Council, internal audit and other explicit reviews/assurance mechanisms;
- v. An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan; and
- vi. A specific statement on whether the Council's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* (2016) as set out in the CIPFA's *Delivering Good Governance in Local Government: Framework* (2016) and where they do not, an explanation of how they deliver the same impact.

- vii. A specific statement on whether the Council's financial management arrangements conform with the requirements of the CIPFA Financial Management (FM) Code (2019). Compliance or reasons for non-compliance with the FM Code must be reported in the Council's Annual Governance Statement.

4.3 The Annual Governance Statement for the year ended 31 March 2024 is included on Appendix A.

## 5 **POLICY IMPLICATIONS**

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

## 6 **CONSULTATIONS**

The Council Leadership Team were consulted in the preparation of this report and agreed with its contents.

## 7 **BACKGROUND PAPERS**

None.

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**5 JUNE 2024**

**ANNUAL GOVERNANCE STATEMENT****Scope of Responsibility**

Dundee City Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these duties Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Council has approved and adopted a Local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives) framework Delivering Good Governance in Local Government. The Local Code of Corporate Governance explains how Dundee City Council delivers good governance and this Annual Governance Statement reviews the effectiveness of these arrangements.

In addition, the Council is responsible for confirming effective corporate governance arrangements exist within its other group entities. In line with Accounts Commission guidance, including Safeguarding Public Money: are you getting it right?, Following the Public Pound and Arm's Length External Organisations (ALEOs): are you getting it right?, part of that responsibility is about ensuring that public money is being used appropriately and achieving Best Value.

**The Council's Governance Framework**

The governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled. It also describes the way it engages with, accounts to and leads the local community. It enables the Council to monitor the achievement of its planned objectives and outcomes and to consider whether those objectives and outcomes have led to the delivery of appropriate, cost-effective services.

The Local Code of Corporate Governance is supported by detailed evidence of compliance which is regularly reviewed by a working group of senior officers.

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented altogether or detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision and checking.

The overall control arrangements include:

- Identifying the Council's objectives in the Council Plan, Community Plan and Local Outcomes Improvement Plan (City Plan).
- Monitoring of achievement of those objectives and outcomes by the Council and senior officers.
- A systematic approach to monitoring service performance at Elected Member, senior officer and project level.
- Reporting performance regularly to Council committees.
- Three-year service plans for all service areas. Regular performance reports in relation to the service plans began to be reported to relevant Committees from November 2021.
- Performance Management Framework.
- Clearly defined Standing Orders and Schemes of Administration covering Financial Regulations, Tender Procedures and Delegation of Powers.
- A Monitoring Officer to ensure compliance with laws and regulations.
- A Scrutiny Committee and individual Service Committees.
- Approved Corporate Fraud and Corruption Policy including "whistle-blowing" arrangements under the Public Interest Disclosure Act 1998.
- Ethical Values Framework.
- A Corporate Integrity Group.
- A Serious Organised Crime Group.
- Senior Officer Resilience Group.

- Council Leadership Team and each Service's Senior Management Teams.
- Participating in the National Fraud Initiative for sharing and cross-matching data with regular reports to Committee.
- Formal project appraisal techniques and project management disciplines.
- Setting targets to measure financial and service performance.
- Long-term Financial Outlook and Financial Strategy 2020 – 2030.
- Medium-term Financial Strategy.
- Longer-term Revenue Budget Model
- Formal revenue and capital budgetary control systems and procedures.
- Clearly defined capital expenditure guidelines.
- A Capital Governance Group consisting of senior officers from across Council services and chaired by the Executive Director of Corporate Services.
- The Council, together with NHS Tayside have established an Integrated Health and Social Care Partnership (HSCP). The HSCP has established a governance structure and an integrated senior management structure to support delivery of its key objectives and outcomes.
- An Our People Strategy is in place to support delivery of the Council Plan and its strategic priorities.
- A Risk Management Policy and Strategy, Corporate and Service Risk Registers.
- Corporate Risk and Assurance Board, chaired by the Executive Director of Corporate Services as Senior Responsible Officer for risk.
- Corporate Governance Assurance Statement Group.
- Strategic Information Governance Group.
- Data Protection Policy and Data Breach Management Procedure.
- The assurances provided by internal audit through their independent review work of the Council's governance, risk management and control framework.
- Chief Social Work Officer governance arrangements.

## **Review of Effectiveness**

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services and take into account comments made by external and internal auditors and other review agencies and inspectorates and prepare actions plans as appropriate.

The effectiveness of the governance framework is reviewed annually by a working group of senior officers. The 2023/2024 review of governance arrangements against the Local Code of Corporate Governance has identified the Council as being 99% (2022/2023: 99%) compliant with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government.

In addition, Executive Directors from each service have made a self-assessment, in conjunction with their senior management teams, of their own governance, risk management and internal control arrangements. This involved the completion of a 75-point checklist covering eight key governance areas of Service Planning and Performance Management; Internal Control Environment; Fraud Prevention and Detection; Budgeting, Accounting and Financial Control; Risk Management and Business Continuity; Asset Management; Partnerships; and Information Governance. This again indicated a high level of compliance, with an overall score above 92% for 2023/2024 (2022/2023: 91%).

The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and reports functionally to the Scrutiny Committee. Conformance with the PSIAS should be confirmed independently, through the completion of a formal External Quality Assurance (EQA) process. The independent review was due to be undertaken in 2023 but has been delayed by the reviewer. Conformance with PSIAS, with the exception of updating the EQA within five years, has been confirmed by the self-assessment prepared by the Service as part of the review. Internal Audit undertakes an annual programme of work, which is reported to the Scrutiny Committee. The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework. The overall audit opinion, is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2024.

The Annual Internal Audit review highlighted only one review this year, on the General Ledger, which was assessed as having limited assurance and there were no reviews providing no assurance. As at June 2024 three recommendations had reached their due dates, with two complete and one in progress. The outstanding item is considered as a medium priority action is estimated to be 25% complete. Four other actions (two high and two low priority) have not reached their due dates yet.

The Executive Director of Corporate Services complied fully with the five principles of the role of the Chief Financial Officer, as set out in CIPFA guidance. The Council's financial management arrangements conform with the requirements of the CIPFA Financial Management (FM) Code (2019).

### **Continuous Improvement Agenda**

The Council's progress against the Continuous Improvement Agenda items for 2023/2024 is detailed at Appendix 1. Several items are still in progress and have been carried forward to be actioned in 2024/2025. Additional areas for improvement have also been identified by the Council's Corporate Governance Assurance Statement Group and these are included, along with the areas for improvement carried forward, at Appendix 2 and form the Continuous Improvement Action Plan for 2024/2025. These were identified by Executive Directors and Heads of Services in the self-assessment checklists that were completed as part of the Council's assurance gathering process. The Council's Governance structure is shown at Appendix 3.

### **Group Entities**

In respect of the Joint Boards, Joint Committee, Charities and Companies that fall within the Council's group boundary, the review of their governance, risk management and control framework is informed by:

- Annual Governance Statements included in the respective financial statements of the Joint Boards and Tayside Contracts Joint Committee.
- Assurances from company directors and/or the other senior company officials.
- The work of the relevant bodies' respective external auditors (and where relevant internal audit function) and other interim reports.
- Completion of self-assessment checklists.

The Dundee City Integration Joint Board (DCIJB) and Dundee Health and Social Care Partnership (DHSCP) were formed in April 2016, at which time an approved Strategic and Commissioning Plan was in place and proper due diligence had been carried out in respect of the financial contributions transferred to the DCIJB at the outset. The Scottish Government, Integrated Resources Advisory Group, Finance Guidance includes a section on Following the Public Pound which details the requirement to put in place arrangements to maintain control and clear public accountability over public funds. More specifically, these arrangements should cover the resources delegated to the DCIJB by the Council and NHS Tayside as well as the resources allocated to the Council and NHS Tayside by the DCIJB to be used as directed and set out in the Strategic and Commissioning Plan. In terms of Council resources, projected outturns against budgets have been and will continue to be monitored and reviewed on a continuous basis with corresponding reports being presented to the DCIJB at regular intervals. In addition, the Council's City Governance Committee is responsible for the scrutiny of integrated health and social care. The Section 95 Officers from the Council and the DCIJB have worked, and will continue to work, together closely. Over time, the format and focus of monitoring will change as budgets and services become more integrated and aligned with the priorities set out in the Strategic and Commissioning Plan.

DCIJB comprises six voting members, three nominated by Dundee City Council and three nominated by Tayside NHS Board, as well as non-voting members including a Chief Officer and Chief Finance Officer appointed by the DCIJB. As a legacy from the response to the Covid-19 pandemic, all formal DCIJB meetings continued to be held online throughout the 2023/2024 financial year.

## **Conclusion**

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Council complies with the Local Code of Corporate Governance in all significant respects for 2023/2024. It is proposed over 2024/2025 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Council's governance arrangements.

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**Gregory Colgan**  
**Chief Executive, Dundee City Council**  
**26 June 2024**

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**John Alexander**  
**Leader of the Council**  
**26 June 2024**

**CONTINUOUS IMPROVEMENT AGENDA FOR 2023/2024 – WITH PROGRESS UPDATES**

The Council's Corporate Governance Assurance Statement group identified the following areas for improvement to be taken forward during 2023/2024. Full details are included in: The Local Code of Corporate Governance [Report 166-2023](#) and the 2022/2023 Annual Governance Statement [Report 167-2023](#) updated for final version in 2022/2023 Audited Accounts to Scrutiny Committee on 25 October 2023 [Report 314-2023](#).

ORIGINAL IMPROVEMENT AGENDA ON 2023/2024 LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT REPORTS						PROGRESS UPDATES	
	Improvement	Source	Details	Responsible Officer	Target Completion Date	Actual Completion Date	Comments (e.g. Estimated Completion Date, Reasons for delays, etc.)
1	Continue to develop Business Continuity Strategy.	Local Code of Corporate Governance 2017/2018. (Principle F: Managing Risk). <a href="#">Report 223-2017</a>	Carried forward from 2022/2023. In progress.	Service Manager - Community Safety and Resilience.	31/12/2023		A Business Continuity Strategy has been drafted to be shared with the Risk and Assurance Board and Council Leadership Team for approval. *
2	Replace Construction Services' Costing System.		Carried forward from 2022/2023. In progress.	Head of Construction and Head of Customer Services and IT.	01/10/2023		Device roll out is complete. Sprint Testing is ongoing for costing system. Some rework required for financial processes. Work allocation sprint test for property maintenance team now in progress - feedback being reviewed to identify what changes / improvements can be made. Progress of implementation of Civica CX and Total Mobile has been delayed due to IT issues and other priorities (e.g. relets, etc.). Ongoing testing by Corporate Finance and Construction Services. Feedback will determine next actions. *
3	Develop a future needs analysis and workforce plan within each service area for the short, medium and long term in line with the Our People and	Best Value Self-Assessment <a href="#">Report 68-2020</a>	Carried forward from 2022/2023. In progress. To ensure staff skills match service delivery requirements and align workforce and strategic planning to ensure citizen's needs are being met	Joint Head of People.	31/12/2023	31/07/2023	Future Needs Analysis approved by Council Leadership Team in July 2023. Complete.  All Service level Workforce Plans completed on 4 <sup>th</sup> April 2023.

	Workforce Strategy.		in accordance with agreed priorities and statutory duties.				
4	Implementation of Corporate Property Management system.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	New for 2023/2024.	Head of Design and Property Services.	31/03/2027		Project Initiation Document still currently being prepared for this project. Confirmation this will include spec for new system, option appraisal and confirmation of funding in capital programme. Resource requires to be identified to progress the next stage. *
5	Roll-out Procurement Strategy, including implementation of Sourcing Strategies.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Budgeting, Accounting and Financial Control section).	New for 2023/2024.	Head of Corporate Finance.	31/03/2024	03/05/2024	Approved Procurement Strategy 2023-2024 now rolled out and has been refreshed by an updated 3-year Procurement Strategy covering the period 2024-2027. Sourcing strategy process is now also embedded although limits for preparation and approval of these is under review and will be reflected in the revised standing orders / tender procedures and updated in the relevant procurement guidance.
6	Full implementation of No Purchase Order No Pay.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Budgeting, Accounting and Financial Control section).	New for 2023/2024.	Head of Corporate Finance.	31/03/2024	03/05/2024	Regular user training now in place and is available to services through MyLearn. Guidance on payments and purchasing agreed including review of approval levels for all purchase orders and process to update these and this was issued to all services in April 2024. Compliance with this guidance will be monitored on any ongoing basis.
7	Mandatory Data Protection Impact Assessment (DPIA) training for appropriate officers.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Information Governance section).	New for 2023/2024.	Head of Democratic and Legal Services.	31/03/2024		To enable this action to be completed Services are currently identifying the appropriate officers to be trained. *
8	Review the Council's Standing Orders.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	New for 2023/2024.	Head of Democratic and Legal Services.	30/09/2023		Order of Reference to City Council and Committees reviewed following amendments to the Committee Structure. Scheme of Delegation of Powers agreed by Council Leadership Team. Standing Orders will be considered by Elected Members after the Summer Recess by the City Governance Committee. *

\*Carried forward items have been included in Appendix 2 with new target completion dates.



## APPENDIX 2

### **CONTINUOUS IMPROVEMENT AGENDA FOR 2024/2025:**

The Council's Corporate Governance Assurance Statement group has identified the following areas for improvement, full details are included in the Council's Local Code of Corporate Governance, to be taken forward during 2024/2025:

	<b>Improvement</b>	<b>Source</b>	<b>Details</b>	<b>Responsible Officer</b>	<b>Target Completion Date</b>
1	Continue to develop Business Continuity Strategy.	Local Code of Corporate Governance 2017/2018. (Principle F: Managing Risk). <a href="#">Report 223-2017</a>	Carried forward from 2023/2024. In progress.	Service Manager - Community Safety and Resilience.	31/03/2025
2	Replace Construction Services' Costing System.		Carried forward from 2023/2024. In progress.	Head of Construction and Head of Customer Services and IT.	31/03/2025
3	Implementation of Corporate Property Management system.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Carried forward from 2023/2024. In progress.	Head of Design and Property Services.	31/03/2027
4	Mandatory Data Protection Impact Assessment (DPIA) training for appropriate officers.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Information Governance section).	Carried forward from 2023/2024. In progress.	Head of Democratic and Legal Services.	31/03/2025
5	Review the Council's Standing Orders.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Carried forward from 2023/2024. In progress.	Head of Democratic and Legal Services.	30/09/2024
6	Roll-out advanced risk management training module for senior officers.	Corporate Governance Assurance Statement Group.	New for 2024/2025.	Head of Corporate Finance	31/03/2025
7	Fully roll-out Quality Conversations.	Annual Governance Statement 2023/2024. (Self-Assessment Checklist (SAC): Internal Control Environment.	New for 2024/2025.	Head of People	31/03/2025

# Dundee City Council's Governance Structure

