



Please ask for Brian Offiler  
Direct Line: 01246 345229  
Email [committee.services@chesterfield.gov.uk](mailto:committee.services@chesterfield.gov.uk)

The Chair and Members of Standards  
and Audit Committee

15 November 2016

Dear Councillor,

Please attend a meeting of the STANDARDS AND AUDIT COMMITTEE to be held on WEDNESDAY, 23 NOVEMBER 2016 at 2.00 pm in Committee Room 3, Town Hall, Rose Hill, Chesterfield, the agenda for which is set out below.

AGENDA

Part 1(Public Information)

1. Declarations of Members' and Officers' Interests relating to Items on the Agenda
2. Apologies for Absence
3. Minutes (Pages 3 - 8)

Minutes of the Meeting of the Standards and Audit Committee held on 21 September, 2016.

4. Annual Audit Letter 2015-16 (Pages 9 - 16)
5. Procurement of External Auditors (Pages 17 - 20)
6. Progress on the Implementation of the Annual Governance Statement Action Plan 2015/16 (Pages 21 - 34)

7. Progress on the Implementation of the Audit Recommendations in respect of Data Protection
8. Local Government Act 1972 - Exclusion of Public

To move "That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act".

9. Summary of Internal Audit Reports Issued 2016/17 (Pages 35 - 74)
10. Procurements Report (Pages 75 - 82)

Yours sincerely,

A handwritten signature in black ink, appearing to be 'R. Smith', written in a cursive style.

Local Government and Regulatory Law Manager and Monitoring Officer

**STANDARDS AND AUDIT COMMITTEE****Wednesday, 21st September, 2016**

Present:-

Councillor Rayner (Chair)

Councillors A Diouf  
Sarvent  
DerbyshireCouncillors Caulfield  
Tidd

\*Matters dealt with under the Delegation Scheme

**9 DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS  
RELATING TO ITEMS ON THE AGENDA**

No declarations of interest were received.

**10 APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Brown.

**11 MINUTES****RESOLVED –**

That the minutes of the Standards and Audit Committee meeting held on 22 June, 2016 be approved as a true record.

**12 TREASURY MANAGEMENT REPORT 2015/16 & MONITORING  
REPORT 2016/17**

The Acting Chief Finance Officer presented a report for Members to consider the Annual Treasury Management Report for 2015/16 and the Treasury Management activities for the first five months of 2016/17.

The report confirmed that during 2015/16 the Council had complied with its legislative and regulatory requirements. It included the prudential and treasury indicators and details of the Council's investments and borrowing.

It was confirmed that following a tendering exercise, a new treasury management advice service provider had been appointed with effect from October, 2016.

**\* RESOLVED –**

That it be recommended to Full Council to:

- (1) Approve the outturn Prudential Indicators for 2015/16;
- (2) Approve the treasury management stewardship report for 2015/16;
- (3) Note the treasury management position for the first five months of 2016/17.

**13 AUDIT REPORT ON 2015/16 STATEMENT OF ACCOUNTS**

The Acting Chief Finance Officer submitted a report on the Statement of Accounts for 2015/16, the 'Letter of Representation' and the External Auditor's 'Report to those charged with Governance'.

The audited statement of accounts was attached to the report at Annexe 1 and included the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund, Disclosure Notices and the Annual Governance Statement.

The Council's external auditors were required to obtain written representations from management in respect of fraud, compliance with laws and regulations, contingent liabilities, related party disclosures and post balance sheet events in the form of a letter of representation. The letter was attached to the report at Annexe 4.

The external auditor was required to 'communicate audit matters to those charged with governance', i.e. the Standards and Audit Committee, and a copy of the external auditor's report was attached to the report at Annexe 3. Ms Helen Brookes of KPMG attended the meeting to present the External Auditor's 'Report to those Charged with Governance'.

The report confirmed that following the audit of the accounts, a small number of presentational adjustments had been agreed, but that these

were not considered to be material. The external auditor's report also included the Value For Money (VFM) conclusion and identified the following key issues as 'priority 2' ('that have an important effect on internal controls but do not need immediate action'):

- Accounts production process;
- Pension shortfall figures;
- Financial outturn variances.

**\* RESOLVED –**

- (1) That the Statement of Accounts for 2015/16 be approved.
- (2) That the Management Letter of Representation be approved and signed by the Chair.
- (3) That the Report to those Charged with Governance be noted.

**14 ANTI-FRAUD, BRIBERY AND CORRUPTION STRATEGY  
(INCLUDING MONEY LAUNDERING POLICY)**

The Internal Audit Consortium Manager presented a report for Members to consider the Council's draft updated Anti-Fraud, Bribery and Corruption Strategy (including Money Laundering Policy).

The Council had last reviewed its Anti-Fraud and Corruption Strategy and Money Laundering Policy in 2013. This had been reviewed and updated to reflect developing good practice and the Corporate Management Team had been consulted. The draft updated strategy was attached to the report as Appendix A.

The updating of the strategy would restate the Council's zero tolerance of fraud and all forms of malpractice and provide an opportunity to promote the key message to both Members and employees.

**\* RESOLVED –**

That the Anti-Fraud, Bribery and Corruption Strategy (including Money Laundering Policy) be approved.

## 15 **FIGHTING FRAUD AND CORRUPTION LOCALLY**

The Internal Audit Consortium Manager presented a report to make Members aware of “The local government counter fraud and corruption strategy 2016 – 2019” and to report an assessment of Chesterfield Borough Council’s position against the Fighting Fraud and Corruption Locally checklist 2016 – 2019.

The strategy, which had been developed by local authorities and key stakeholders from across the counter fraud landscape, identified the key principles for fighting fraud locally and the following themes, against which local authorities could consider their performance:

- Culture
- Capability
- Capacity
- Competence
- Communication
- Collaboration

The 2016 – 19 Fighting Fraud and Corruption checklist had been completed for the Council by the Internal Audit Consortium Manager and the Corporate Leadership Team (copy attached to the report at Appendix A), and an action plan had been developed to address the issues arising (copy attached to the report at Appendix B).

### **\* RESOLVED –**

- (1) That the local government counter fraud and corruption strategy be noted.
- (2) That the position shown in the 2016 – 19 Fighting Fraud and Corruption checklist and corresponding action plan be noted.

## 16 **OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS**

Pursuant to Minute No. 5 (Standards and Audit Committee 2016/17), the Internal Audit Consortium Manager presented a report to inform Members of outstanding internal audit recommendations and the progress being made to implement them.

The implementation of audit recommendations was being monitored by the Corporate Leadership Team on a regular basis with a commitment to

pro-actively ensuring that recommendations were implemented as agreed where possible.

A summary of outstanding internal audit recommendations as at the beginning of August 2016 relating to the 2014/15 and 2015/16 financial years was attached at Appendix A to the report.

**\* RESOLVED –**

- (1) That the report be noted.
- (2) That the report be brought to Standards and Audit Committee every six months.

**17 PROGRESS REPORT ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS - NON-HOUSING PROPERTY REPAIRS**

Pursuant to Minute No. 4 (Standards and Audit Committee 2016/17) the Head of Contract (Kier) presented a report to inform Members of progress on the implementation of the audit recommendations in respect of non-housing property repairs.

Progress on the implementation of these recommendations was now included as a standard item on the agenda for the Corporate Asset Management Group.

The report confirmed that 5 year condition surveys had now been concluded with all Council (non-housing) premises inspected and a programme proposed to review with the relevant Service Manager the contribution each property makes to the Property Repairs Fund.

The initial 6 month programme focused on the top 16 properties which contribute to the Property Repairs Fund, following which a report would be presented to the Council showing the impact the proposed new contributions would have on each property budget.

Currently large items of capital repairs (e.g. lifts, large boiler renewals, etc) formed part of a capital programme rather than annual contributions to the Property Repairs Fund. The new maintenance plans developed from the property reviews would identify these large items of repair / replacement to ensure that the Council has visibility of future liabilities.

A further audit would be undertaken on the Non-Housing Repairs Fund in April 2017 to ensure satisfactory progress was being made.

**\* RESOLVED –**

That the progress report on the implementation of the audit recommendations in respect of non-housing property repairs be noted.

**18 LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF PUBLIC**

**RESOLVED –**

That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

**19 SUMMARY OF INTERNAL AUDIT REPORTS ISSUED 2016/17**

The Internal Audit Consortium Manager presented a report summarising the Internal Audit reports issued for the period 21 May to 3 August, 2016 in respect of reports relating to the 2016/17 internal audit plan.

The Committee noted that the classification of the reliability of internal controls was 'good' in one case, 'satisfactory' in three cases and 'marginal' in one case (Queen's Park Sports Centre). No issues in respect of fraud had been identified.

Pursuant to Minute No. 4 (Standards and Audit Committee 2016/17), a copy of the marginal report in respect of Queen's Park Leisure Centre was attached to the report. It was noted that a further audit would be undertaken next year to ensure that satisfactory progress was being achieved.

**\* RESOLVED –**

That the report be noted.





# Annual Audit Letter 2015/16

Page 9

Chesterfield Borough Council

October 2016

Agenda Item 4



# Contents

The contacts at KPMG in connection with this report are:

**Tony Crawley**  
Director

KPMG LLP (UK)

Tel: 0116 256 6067  
tony.crawley@kpmg.co.uk

**Helen Brookes**  
Manager

KPMG LLP (UK)

Tel: 0115 945 4476  
helen.brookes@kpmg.co.uk

**Kay Meats**  
Assistant Manager

KPMG LLP (UK)

Tel: 0115 945 4485  
kay.meats@kpmg.co.uk

Page

## Report sections

— Headlines 3

## Appendices

1. Summary of reports issued 5

2. Audit fees 6

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public 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 are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This Annual Audit Letter summarises the outcome from our audit work at Chesterfield Borough Council in relation to their 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including Members of the public, and will be placed on the authority's website.

Page 11

**VFM conclusion**

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 28 September 2016. This means we are satisfied that during the year that Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.

Our Audit Plan recognised the risk around financial resilience and we undertook work to understand the Authority's arrangements. To arrive at our conclusion we reviewed the Authority's Medium Term Financial Plan (MTFP) and outturn for 2015/16. The key findings were:

- The Authority recognises the budget pressures it faces in the medium term, most notably reductions in the Revenue Support Grant provided centrally, but also other uncertainties such as the future of the new Homes Bonus. The Medium Term Financial Plan (MTFP) covers the next four financial years and includes the General Fund revenue budget and capital programme, the Housing Revenue Account budget, rent setting and capital programme and Treasury Management reports. Projections in the revised plan which covers the period up to 2019/20 show the need to make savings of over £11m over the life of the current MTFP, in addition to the savings already achieved. The level of annual savings required is a significant proportion of the Authority's net expenditure which equates to around £10 million per year. The Authority acknowledged the need to analyse further the savings achieved in previous years to assess what measures have been successful.
- The Authority has reported a surplus of £448k in 2015/16 against an original budgeted deficit of £94k and a revised budget surplus of £225k. The year end outturn position showed a significant positive variation on the outturn position that had been forecast and reported to Members throughout the year. We recommended that an exercise to understand the reasons behind the variances and the potential impact on the financial position in future years should be completed and the Authority has now undertaken this exercise.
- The Authority has achieved its general fund reserves target of £1.5 million at the end of 2015/16. At 31 March 2016 the Authority also has £10.4 million of general fund earmarked reserves. However, it should be noted that the majority of these are already committed to projects. The report to Cabinet on 14 June 2016 explains that the uncommitted balance on these reserves was £1.35m.
- The Authority has resolved to apply to be a full constituent member of Sheffield City Region Combined Authority in line with the statutory process. It has undertaken a risk assessment and has recognised the human resources, financial and legal and data protection implications of this decision. The Authority will need to monitor closely the resulting risks and economic opportunities and to assess the overall impact of the change

**Audit opinion**

We issued an unqualified opinion on the Authority's financial statements on 28 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

## Section one

# Headlines

**This Annual Audit Letter summarises the outcome from our audit work at Chesterfield Borough Council in relation to their 2015/16 audit year.**

**Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.**

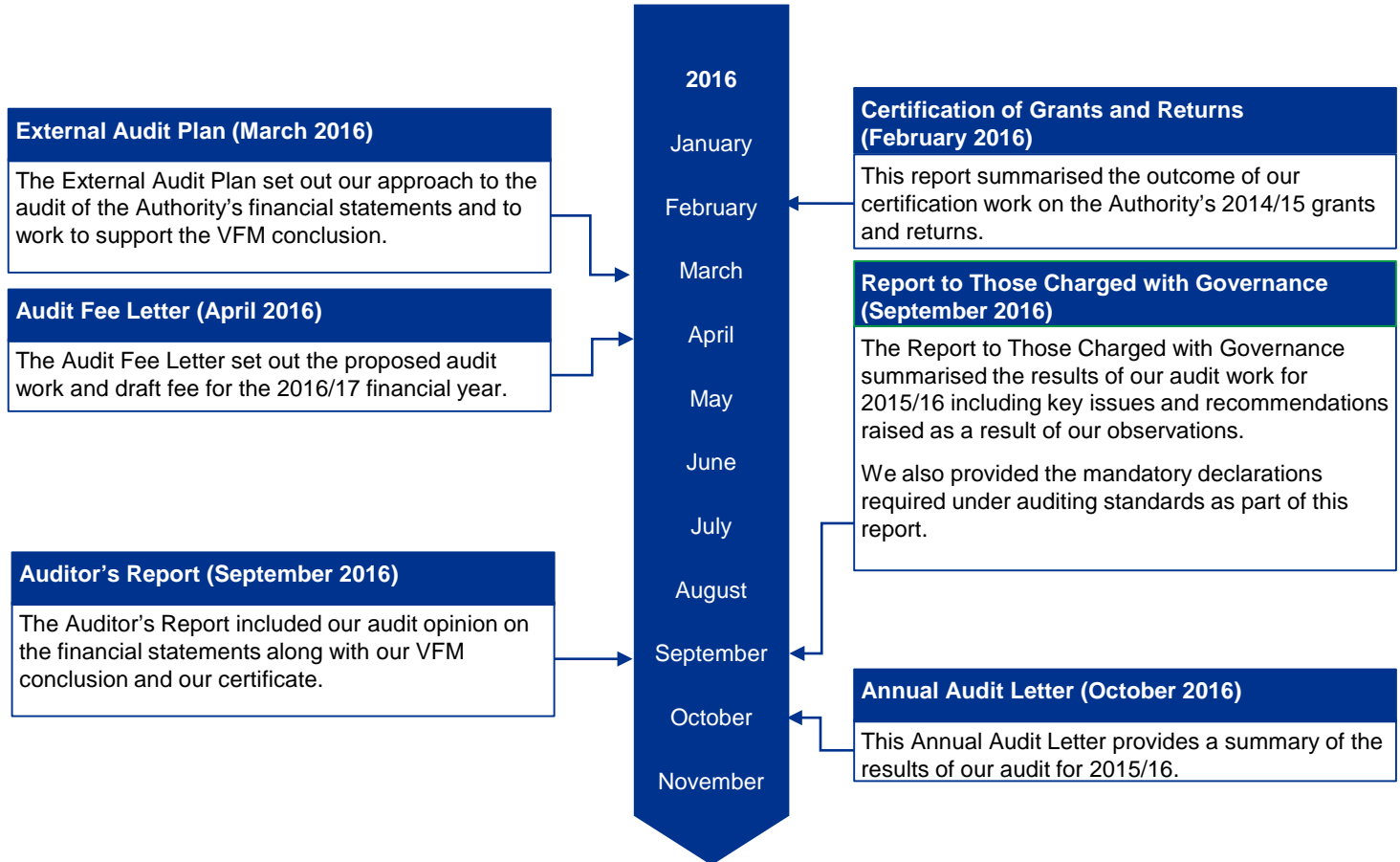
Page 12

<b>Annual Governance Statement</b>	We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding and that it met the requirements of CIPFA/SOLACE.
<b>Whole of Government Accounts</b>	The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.
<b>Certificate</b>	We issued our certificate on 28 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
<b>Audit fee</b>	Our fee for 2015/16 was £52,963, excluding VAT. This compares to a planned fee of £52,445. The reason for this variance is an increased fee for the audit of the financial statements reflecting additional work undertaken to audit the implementation of a new housing repairs and maintenance system during the year. Further detail is contained in Appendix 2.

# Appendix 1: Summary of reports issued

Page 13

This appendix summarises the reports we issued since our last Annual Audit Letter.



# Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

Page 14

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

### External audit

Our final fee for the 2015/16 audit at Chesterfield Borough Council was £52,963. This compares to a planned fee of £52,445. The reason for this variance is:

- an increased fee for the audit of the financial statements reflecting additional work undertaken to review the implementation of a new housing repairs and maintenance system £518.

Our fees are still subject to final determination by Public Sector Audit Appointments.

### Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2017.

### Other services

We charged £3,000 for additional audit-related services for the certification of the Pooling of Housing Receipts Return, which is outside of Public Sector Audit Appointment's certification regime.





[kpmg.com/socialmedia](https://kpmg.com/socialmedia)



[kpmg.com/app](https://kpmg.com/app)

© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

This page is intentionally left blank



## **For publication**

### **Procurement of External Auditors**

---

Meeting:	Standards & Audit Committee Council
Date:	23 <sup>rd</sup> November 2016 14 <sup>th</sup> December 2016
Report by:	Director of Finance & Resources

---

## **For publication**

---

### **1.0 Purpose of report**

- 1.1 This report summarises the changes to the arrangements for appointing External Auditors at the end of the transitional period following the closure of the Audit Commission.

### **2.0 Recommendations**

- 2.1 That the Council opts in to the appointing person arrangements made by Public Sector Audit Appointments for the procurement and appointment of external auditors (Option 2).

### **3.0 Background**

- 3.1 The Local Audit & Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government in England. In October 2015 the Secretary of State for Communities & Local Government determined that the transitional arrangements would be extended by one year to include the audit of the 2017/18 accounts.

- 3.2 The Council's current external auditor is KPMG and our costs were £58,000 in 2015/16. The contract is currently managed by Public Sector Audit Appointments Ltd (PSAA) who was originally established to operate the transitional arrangements following the closure of the Audit Commission. It is a company owned by the Local Government Association's Improvement & Development Agency (IDeA).
- 3.3 When the current transitional arrangements come to an end, the Council will be able to move to local appointment of its auditors. Current fees are based on discounted rates offered by firms in return for substantial market share.
- 3.4 The scope of the audit will still be specified nationally; the National Audit Office is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all accounting firms are eligible to compete for the work. The registration process has not yet commenced but it is reasonable to expect that the list of eligible firms may include the top ten firms in the country, including our current auditor. It is unlikely that small local independent firms will meet the eligibility criteria.

#### 4.0 **Options for appointment of External Auditors**

##### 4.1 Option 1 – to make a stand alone appointment

- 4.1.1 In order to make a stand alone appointment the Council would need to set up an Auditor Panel made up of elected and independent members and conduct its own procurement exercise.

##### Advantages

- It would allow the Council to take full advantage of the new local appointment regime and have local input to the decision

##### Disadvantages

- Recruitment and servicing of the Auditor panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost around £15,000 plus on going allowances

- The council will be unable to take advantage of reduced fees that may be available through joint or national procurement contracts
- The assessment of bids and decisions on awarding contracts will be taken by independent appointees and not solely by elected members

#### 4.2 Option 2 – Opt in to PSAA national procurement

4.2.2 The PSAA are once again offering the opportunity for local authorities to opt in to a joint national procurement exercise.

##### Advantages

- The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt in authorities.
- By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation

##### Disadvantages

- In order for PSAA to be viable and to be placed in the strongest possible negotiating position, Councils will need to opt in to the process before final contract prices are known

4.3 On balance, option 2 provides the best solution as it will require fewer resources to undertake the procurement and should deliver the lowest cost.

## 5.0 **Financial implications**

5.1 The current revenue budget includes a sum of £62,910 for this financial year 2016/17. The Council has benefited from a reduction in external audit fees of almost 50% since the current transitional arrangements began.

5.2 Current fee levels are expected to increase when the current contract ends. Until the procurement exercise is completed it is not possible to state what the additional cost of audit fees for 2018/19 will be, although it is anticipated that any increase will be minimised using PSAA.

## 6.0 **Legal and data protection implications**

6.1 The process outlined in this report and the recommendation should ensure compliance with the Local Audit & Accountability Act 2014.

6.2 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by the whole Council.

## 7.0 **Alternative options and reasons for rejection**

7.1 The auditor panel option (Option 1) is far more resource intensive and will be more costly to procure and without the bulk buying power of the sector led procurement, would be likely to result in a more costly service.

## 8.0 **Recommendations**

8.1 That the Council opts in to the appointing person arrangements made by Public Sector Audit Appointments for the procurement and appointment of external auditors (Option 2).

## 9.0 **Reasons for recommendations**

9.1 To consider the options and determine the arrangements for the appointment of external auditors.

### **Document information**

<b>Report author</b>	<b>Contact number/email</b>
Helen Fox	01246 345452 Helen.fox@chesterfield.gov.uk
<b>Background documents</b>	

## For publication

### **Progress made on the Implementation of the Annual Governance Statement Action Plan 2015/16**

---

Meeting:	Standards and Audit Committee
Date:	November 23rd 2016
Cabinet portfolio:	Governance
Report by:	Internal Audit Consortium Manager

---

## **For publication**

---

### **1.0 Purpose of report**

- 1.1 To provide members with an update in respect of the progress made towards implementing the 2015/16 Annual Governance Statement Action Plan.

### **2.0 Recommendation**

- 2.1 That the report be noted.

### **3.0 Report details**

- 3.1 Each year the Council reviews the governance arrangements it has in place, including a review of the Code of Corporate Governance.
- 3.2 Following this review, an Annual Governance Statement for the Council is produced as required by the Accounts and Audit (England) Regulations 2015.
- 3.3 Part of the review entails formulating an action plan to address any areas of concern that have been identified.

- 3.4 In June 2016 this Committee approved the Annual Governance Statement and Action Plan and agreed that progress on the action plan would be monitored by the Corporate Management Team (CMT)
- 3.5 CMT has reviewed the progress made against the Annual Governance Statement Action Plan and a summary is shown at Appendix 1. Progress has been made however there is still work ongoing in respect of a number of the areas identified. There are 12 identified actions in total, of these 2 actions have been completed, 4 actions are on track for completion by the target date and 6 actions are behind target.

#### 4.0 **Human resources/people management implications**

- 4.1 There are no Human Resources Implications.

#### 5.0 **Financial implications**

- 5.1 There are no financial implications.

#### 6.0 **Legal and data protection implications**

- 6.1 There are no legal or data protection implications.

#### 7.0 **Consultation**

- 7.1 Not Applicable

#### 8.0 **Risk management**

- 8.1 The production of this report ensures that Members charged with governance are aware of the progress made in implementing the annual governance statement action plan. This therefore ensures that any outstanding internal control weaknesses are identified so that they can be acted upon in a timely manner.

## 9.0 Equalities Impact Assessment (EIA)

9.1 Not applicable.

## 10.0 Alternative options and reasons for rejection

10.1 The report is for information.

## 11.0 Recommendations

11.1 That the report be noted.

## 12.0 Reasons for recommendation

12.1 To inform Members of the progress made in respect of implementing the 2015/16 Annual Governance Statement Action Plan so that further action can be identified if this is not satisfactory.

### Decision information

<b>Key decision number</b>	N/A
<b>Wards affected</b>	All
<b>Links to Council Plan priorities</b>	This report links to the Council's priority to provide value for money services.

### Document information

<b>Report author</b>	<b>Contact number/email</b>
<b>Jenny Williams – Internal Audit Consortium Manager</b>	<b>01246 345468  Jenny.williams@chesterfield.gov.uk</b>
<b>Background documents</b>	
<b>Appendices to the report</b>	
Appendix A	Progress against the 2015/16 Annual Governance Statement Action Plan as at the end of October 2016.

**Comments from Cabinet Member (if applicable)**

After reading this report I had concerns that 6 actions were behind target, but after reading the progress report on the action plan I am satisfied that progress is being made as necessary. However, in relation to 'Non Housing Property Repairs', I feel this needs monitoring closely to ensure it achieves the required aim as soon as possible. The original completion date was the end of June now extended to February 2017 and yet the last sentence of the progress section implies that this may not be achieved in relation to all council properties.

**Councillor Sharon Blank**  
**Cabinet Member for Governance**



**CHESTERFIELD BOROUGH COUNCIL – ANNUAL GOVERNANCE STATEMENT 2015/16**  
**ACTION PLAN - PROGRESS AS AT THE END OF OCTOBER 2016**

Governance Issue	Action Proposed				Progress by end of October 2016
	Description	By Date	Officer	Priority	
During 2015/16 there has been a restructure of CMT, this has led to some key staff leaving or retiring. Until the new post holders take up their positions there is a capacity issue.	Three of the vacant Corporate Management team posts have been offered to applicants following an agreed recruitment procedure, it is hoped that these candidates will all take up employment between May and July. Management interim arrangements are operating in the meantime. One key post remains to be filled.	30/09/16	CE/Executive Directors	M	<b>Complete</b>  All of these key posts have now been filled, the last appointment starting on the 7 <sup>th</sup> November 2016

Governance Issue	Action Proposed				Progress by end of October 2016
	Description	By Date	Officer	Priority	
Budget - Implementing actions to address the forecast budget deficits in 2016/17. The general fund and the Housing Revenue Account are both under increasing pressure.	<p>Need to continue to closely manage the Medium Term Financial Plan to ensure that the Council remains of sound financial standing, and to support decisions on the alignment of budgets to enable delivery of the Council's corporate plan for the period 2015-2019.</p> <p>This will be achieved through the established mechanisms for financial planning and reporting:-</p> <ul style="list-style-type: none"> <li>• Financial Planning Group</li> <li>• Great Place Great Service Board</li> <li>• Corporate Cabinet and CMT workshops</li> <li>• Monthly budget monitoring reports to Service Managers</li> <li>• Quarterly budget monitoring reports to the Council, Cabinet and Scrutiny Forum</li> <li>• Regular dialogue with the trade unions</li> </ul>	01/03/17	Members / CE / Executive Directors/ Chief Financial Officer	H	<p><b>On Target</b></p> <p>Areas for making savings were identified as part of the budget setting process. Monitoring of the achievement of these savings has taken place during 2016/17. Some shortfall has been highlighted and further work is underway to identify other savings opportunities to be discussed with members in the autumn to ensure that a balanced budget can be achieved.</p>

Governance Issue	Action Proposed				Progress by end of October 2016
	Description	By Date	Officer	Priority	
The Performance Monitoring framework is under development	A new performance framework is in the process of being developed and implemented. The new framework will ensure that performance is appropriately reviewed and reported.	30/09/16	Policy and Communications Manager	M	<p><b>Behind target</b></p> <p>The new Performance Management Framework has been agreed and is currently being implemented. We are approximately half way through the implementation stage. There has been a lack of resource to move this forward as quickly as anticipated. The Policy and Communications service is currently restructuring to provide a greater focus on performance management.</p>

Governance Issue	Action Proposed				Progress by end of October 2016
	Description	By Date	Officer	Priority	
The PPP performance indicators are in the process of being reviewed to ensure that they focus on what the Council wants to achieve	The PPP partnership and associated KPI's are in the process of being reviewed. The monitoring of the PPP partnership will form part of the new performance framework and will ensure that Members are kept up to date.	30/09/16 Revised to 31/03/17	Executive Director	M	<b>Behind Original Target</b>  There is a contractual requirement to undertake a review of the contract. This must be completed before October 2017. Consideration will be the given to the contractual performance and therefore the KPIs, as part of this, rather than a further piece of independent work. March 2017 for revised completion date
Monitoring arrangements for partnerships require review and update.	The Partnership Strategy is to be reviewed in 2016/17 and significant partnerships re-assessed.	31/03/17	Policy and Communications Manager	M	<b>On Target</b>  The research stage of policy development has commenced with a draft new strategy and action plan to be in place for March 17.

Governance Issue	Action Proposed				Progress by end of October 2016
	Description	By Date	Officer	Priority	
Devolution and the changing landscape of Local Government – this brings new challenges as to how the Council will manage this change successfully with its partners	<p>Officers will be working closely with partners to ensure that the best deal is obtained for Chesterfield residents.</p> <p>Detailed consideration of these issues and the implications for the council and the borough were considered by full Council in March and April 2016. A more formal project structure will be established for managing the subsequent process and arising changes during 2016/17.</p>	31/03/17	Corporate Management Team	H	<p><b>On Target</b></p> <p>Delivery has remained on track against plans to become a full member of the Sheffield City Region Combined Authority, with consultation in the summer and subsequent submission of a scheme and review to the Secretary of State. Project management has been put in place to coordinate and monitor CBC engagement with both LEPs and a review of CBC capacity to support devolution will take place during the winter.</p>
The Anti- Fraud Bribery and Corruption policy was last reviewed and approved in September 2013	The Anti- Fraud Bribery and Corruption policy will be reviewed and updated	31/03/17	Internal Audit Consortium Manager	M	<p><b>Complete</b></p> <p>The anti-fraud, Bribery and Corruption policy has been reviewed and updated and was approved by the Standards and Audit Committee in September 2016</p>

Governance Issue	Action Proposed				Progress by end of October 2016
	Description	By Date	Officer	Priority	
Some Services Business Continuity and emergency plans are out of date and updating has been delayed due to the CMT restructure	The Council's services business and continuity plans will be reviewed and updated to reflect the new staffing structure	31/03/17	Business Continuity Manager	M	<b>On Track</b>  Managers were issued with a template to complete by the end of October, the BCM is chasing outstanding plans

Governance Issue	Action Proposed				Progress by end of October 2016
	Description	By Date	Officer	Priority	
<p>Internal Audit reports issued with an unsatisfactory or marginal opinion where the recommendations have yet to be fully implemented. These are:-</p> <p><b>Data Protection</b></p>	<p>Data Protection – The Information Assurance Manager post is currently out to advert, together with a support officer role. When both posts are filled it will provide additional capacity to tackle this priority area.</p>	30/9/16	Executive Director/ Information Assurance Manager	H	<p><b>Behind target</b></p> <p>The Information Assurance Manager has been recruited and a draft Information Governance Framework has been developed. Information Asset Owners have been identified and procurement of an Information Governance system is in progress. An E learning solution has been procured and is now under development. Data Protection and Information Governance mandatory training will be live by 31 January 2017.</p>

Governance Issue	Action Proposed				Progress by end of October 2016
	Description	By Date	Officer	Priority	
<p>Internal Audit reports issued with an unsatisfactory or marginal opinion where the recommendations have yet to be fully implemented. These are:-</p> <p><b>Non Housing Property Repairs</b></p>	<p>Non Housing Property Repairs – The Council will work with its partner Kier to ensure that 10 year plans based on condition surveys are established and monitored. A prioritisation exercise will ensure that those plans are done first for properties that represent the highest potential financial and operational risk.</p>	30/06/16	Executive Director/ Kier	H	<p><b>Behind Target</b></p> <p>The Head of Kier provided an update to the Standards and Audit Committee in September 2016. A 6 month programme of reviews has been established focusing on the top 16 properties which contribute over 50% of the annual contributions to the Property Repairs Fund (to be completed by Feb 17). A report will then be taken to Council showing the impact of the proposed new contributions on each property budget. The Corporate Asset Management Group is to take a more active role in steering this. There are however still numerous other properties to incorporate in to the plan.</p>



Governance Issue	Action Proposed				Progress by end of October 2016
	Description	By Date	Officer	Priority	
Internal Audit reports issued with an unsatisfactory or marginal opinion where the recommendations have yet to be fully implemented. These are:- ICT	The Council and Arvato (the Council's IT provider) have designed an action plan to deliver PSN compliance within the required timescale. The requirements are more stringent than the previous year and therefore the volume of work is complex and large scale. Work is currently on track to meet the target.	30/09/16	Executive Director/PP P Client Officer	H	<b>Behind Target</b>  The Council has received an unsatisfactory IT Security audit in 2016/17. In addition, PSN accreditation has not been achieved. Arvato are working on a remedial action plan to achieve PSN accreditation, with current expected resubmission in January 2017. The Council is initiating a contractual review of the PPP services and is requesting a 'deep dive' into the ICT service provided by Arvato. Increased security standards will result in a need to amend the contract KPI's and this will be actioned in the annual review of KPI's which should take place annually. Results of the contractual review will be received during the 1 <sup>st</sup> quarter of 2017 and will inform changes required.

Governance Issue	Action Proposed				Progress by end of October 2016
	Description	By Date	Officer	Priority	
Procurement – progress has been made during 2015/16 but the new arrangements with the NHS Royal hospital need time to embed to ensure that the procurement process is robust from start to finish.	<p>The Council has recently entered in to an agreement with the Royal Hospital NHS to provide a procurement service. This arrangement will be kept under review to ensure that it is meeting the Council's requirements. The transitional processes are currently being evaluated and adapted.</p> <p>A procurement Strategy will be devised and training provided to all key staff.</p>	30/09/16	Transformation Manager /Executive Director	H	<p><b>Behind Target</b></p> <p>A performance review has been undertaken and final contracting arrangements agreed. A draft procurement strategy and suppliers equalities information have been prepared. The new contract arrangements and strategy have been reviewed and endorsed by Scrutiny. The Council's CPRs have been reviewed. Savings to date are in excess of £80k. Staff training is being developed.</p>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank