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The Chair and Members of Standards  
and Audit Committee

15 April 2019

Dear Councillor,

Please attend a meeting of the STANDARDS AND AUDIT COMMITTEE to be held on WEDNESDAY, 24 APRIL 2019 at 2.00 pm in Committee Room 2, 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
4. CBC Audit Strategy Memorandum (Pages 3 - 24)
5. CBC Standards and Audit Committee April 2019 Progress Report (Pages 25 - 36)
6. Internal Audit Plan 2019/20 (Pages 37 - 52)
7. Summary of Internal Audit Reports Issued (Pages 53 - 74)
8. Outstanding Internal Audit Recommendations (Pages 75 - 82)

Chesterfield Borough Council, Town Hall, Rose Hill, Chesterfield S40 1LP

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9. RIPA - Annual Report to Standards Committee (Pages 83 - 122)
10. Review of the Code of Corporate Governance and the Annual Governance Statement (Pages 123 - 214)
11. Committee on Standards in Public Life Review of Local Government Ethical Standards (Pages 215 - 250)

Yours sincerely,

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

Local Government and Regulatory Law Manager and Monitoring Officer

# Audit Strategy Memorandum

Chesterfield Borough Council

Year ending 31 March 2019





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7. Our commitment to independence
8. Materiality and misstatements

Appendix A – Key communication points

Appendix B - Forthcoming accounting and other issues

Appendix C – Mazars' client service commitment

This document is to be regarded as confidential to Chesterfield Borough Council. It has been prepared for the sole use of the Standards and Audit Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Standards and Audit Committee Members  
Chesterfield Borough Council  
Town Hall  
Rose Hill  
Chesterfield  
Derbyshire  
S40 1LP

February 2019

Dear Sirs / Madams

### **Audit Strategy Memorandum – Year ending 31 March 2019**

We are pleased to present our Audit Strategy Memorandum for Chesterfield Borough Council for the year ending 31 March 2019

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 7 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Chesterfield Borough Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

This document also contains specific appendices that outline our key communications with you during the course of the audit, and forthcoming accounting issues and other issues that may be of interest.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07875 974 291.

Yours faithfully

**Mark Surridge**  
Mazars LLP

# 1. ENGAGEMENT AND RESPONSIBILITIES SUMMARY

## Overview of engagement

We are appointed to perform the external audit of Chesterfield Borough Council (the Council) for the year to 31 March 2019. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>.

## Our responsibilities

Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below:

### Audit opinion

We are responsible for forming and expressing an opinion on the financial statements.

Our audit is planned and performed so to provide reasonable assurance that the financial statements are free from material error and give a true and fair view of the financial performance and position of the Council for the year.

### Reporting to the NAO

We are required to issue an assurance statement to the National Audit Office confirming the income, expenditure, asset and liabilities of the Council.

### Value for Money

We are required to conclude whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.

### Electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Our audit does not relieve management or those charged with governance, of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of disclosures made.

For the purpose of our audit, we have identified the Standards and Audit Committee as those charged with governance.

## 2. YOUR AUDIT ENGAGEMENT TEAM



**Mark Surridge**  
**Director and Engagement Lead**

E-Mail: [mark.surridge@mazars.co.uk](mailto:mark.surridge@mazars.co.uk)  
Tel: 07875 974 291



**Mike Norman**  
**Senior Manager**

E-Mail: [Michael.norman@mazars.co.uk](mailto:Michael.norman@mazars.co.uk)  
Tel: 07909 984 151

# 3. AUDIT SCOPE, APPROACH AND TIMELINE

## Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

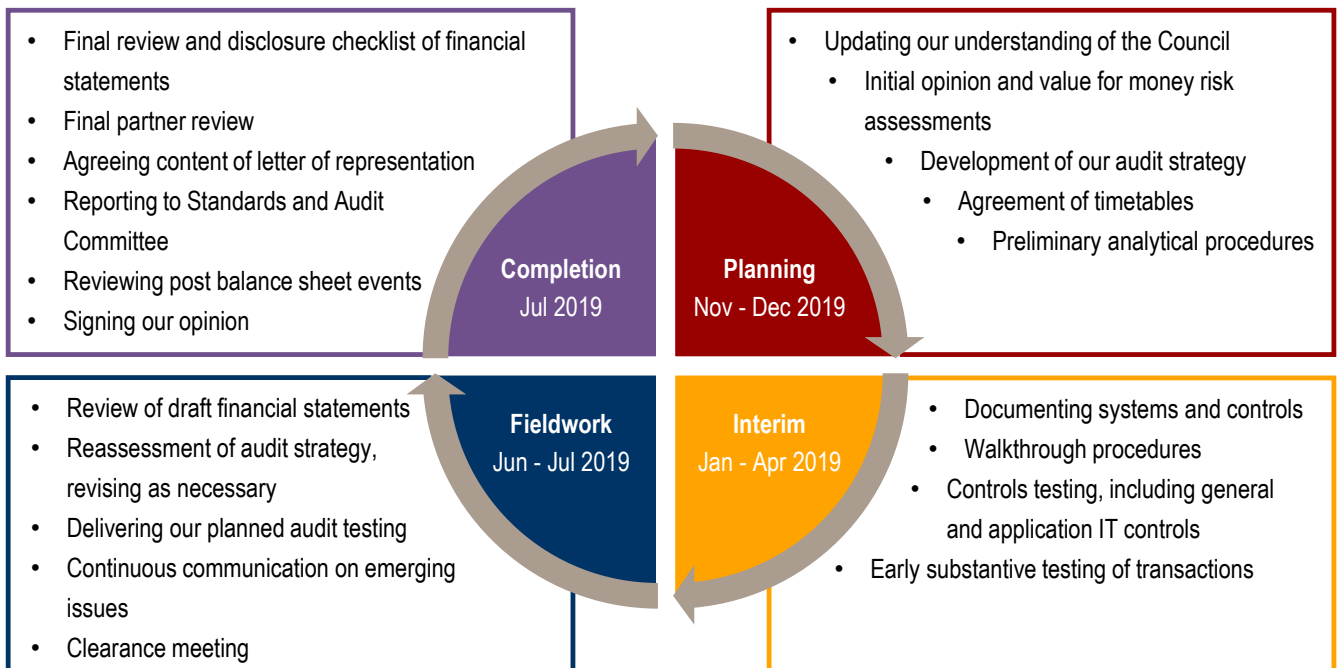
## Audit approach

Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram below outlines the procedures we perform at the different stages of the audit.





### 3. AUDIT SCOPE, APPROACH AND TIMELINE (CONTINUED)

#### Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

#### Management's and our experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Items of account	Management's expert	Our expert
Defined benefit liability	Hymans Robertson <i>Actuary for Derbyshire Pension Fund</i>	PWC <i>Consulting actuary appointed by the NAO</i>
Property, plant and equipment valuation	Christopher Oakes <i>The Council's internal valuer</i>	Gerald Eve <i>Valuations expert appointed by the NAO</i>
Business Rates Appeals valuation	Inform CPI Ltd <i>Analyse LOCAL Valuation System</i>	<i>Not Applicable</i>
Financial instrument disclosures	Arlingclose Ltd <i>Treasury management advisors</i>	Not applicable

#### Service organisations

International Auditing Standards (UK) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Council and our planned audit approach.

Items of account	Service organisation	Audit approach
Pension cost (cost of services) Net interest on defined benefit liability Re-measurements of the net defined benefit liability (OCI) Net pension liability	Derbyshire Pension Fund <i>The IAS 19 pension entries that form part of the Council's financial statements are material and are derived from actuarial valuations. The process of obtaining these is co-ordinated by and uses information held and processed by the service organisation.</i>	We will review the controls operating at the Council over these transactions to gain an understanding of the services provided by the service organisation. Where we conclude that we do not have a sufficient understanding of the services provided by the service organisation we will seek to obtain assurance by using another auditor to perform procedures that will provide the necessary information about the relevant controls at the service organisation.
Council Tax (CT) Revenue, debtors and creditors Business Rates (BR) Revenue, debtors and creditors Housing Benefits (HB) Expenditure Payroll Expenditure	Partnership with Avarto <i>The Council has a Public Private Partnership (PPP) contract for a range of back office services including revenues and benefits and payroll.</i>	We will review the controls operating at the Council over these transactions and gain an understanding of the services provided by the service organisation. We will determine whether the Council has sufficient controls in place over the services provided and whether we will be able to audit these transactions based on the records at the Council.



## 4. AUDIT RISKS AND KEY JUDGEMENT AREAS

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard, as defined below:

**Significant risk** A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.

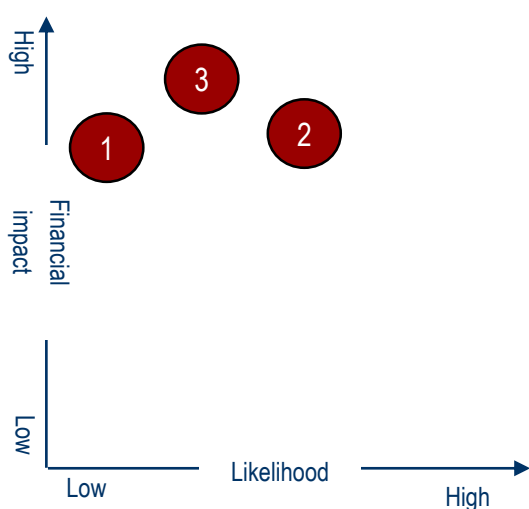
**Enhanced risk** An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

**Standard risk** This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

The summary risk assessment, illustrated in the tables below, highlight those risks which we deem to be significant or enhanced. We have summarised our audit response to these risks over the next pages.

At the time of writing this memorandum we are yet to complete our detailed risk assessment work over the Council’s key financial systems and general IT controls. We aim to complete this work as part of our interim visit in January and will update the Standards and Audit Committee where we subsequently identify any additional risks.



Risk	
1	Management override of control
2	Property, plant and equipment valuation
3	Defined benefit liability valuation

## 4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Standards and Audit Committee.

### Significant risks

	Description of risk	Planned response
1	<p><b>Management override of controls</b></p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	<p>In relation to the management override of controls we will:</p> <ul style="list-style-type: none"> <li>• Document our understanding of the processes and controls in place to mitigate the risks identified, and walk through those processes and controls to confirm our understanding;</li> <li>• Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;</li> <li>• Review the calculation of management's material accruals, estimates and provisions for evidence of management bias;</li> <li>• Evaluate the business rationale for any significant unusual transactions;</li> <li>• Understand the oversight given by those charged with governance of management process over fraud;</li> <li>• Sample test accruals and provisions based on established testing thresholds; and</li> <li>• Review material aspects of capital expenditure on property plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.</li> </ul>

## 4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

### Significant risks (continued)

	Description of risk	Planned response
2	<p><b>Valuation of property, plant and equipment, investment properties and assets held for sale</b></p> <p>The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment, investment properties and assets held for sale, with the majority of land and building assets required to be carried at valuation. Due to high degree of estimation uncertainty associated with those held at valuation, we have determined there is a significant risk in this area.</p>	<p>In relation to the valuation of property, plant &amp; equipment, investment properties and assets held for sale we will:</p> <ul style="list-style-type: none"> <li>• Critically assess the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;</li> <li>• Consider whether the overall revaluation methodologies used by the Council's valuer's are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;</li> <li>• Assess whether valuation movements are in line with market expectations by using our own valuation expert to provide information on regional valuation trends;</li> <li>• Critically assess the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice;</li> <li>• Critically assess the approach that the Council adopts to ensure that assets not subject to revaluation in 2018/19 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer's; and</li> <li>• Test a sample of items of capital expenditure in 2018/19 to confirm that the additions are appropriately valued in the financial statements.</li> </ul>

## 4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

### Significant risks (continued)

	Description of risk	Planned response
3	<p><b>Valuation of net defined benefit liability</b></p> <p>The Council's accounts contain material liabilities relating to the local government pension scheme. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>	<p>In relation to the valuation of the Council's defined benefit pension liability we will:</p> <ul style="list-style-type: none"> <li>• Critically assess the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary, Hymans Robertson;</li> <li>• Liaise with the auditors of the Derbyshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;</li> <li>• Test payroll transactions at the Council to provide assurance over the pension contributions which are deducted and paid to the Pension Fund by the Council;</li> <li>• Review the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PWC, the consulting actuary engaged by the National Audit Office; and</li> <li>• Agree the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.</li> </ul>

## 4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

### Consideration of other mandatory risks

Auditing standards require us to consider two standard risks for all organisations:

- Management override of controls; and
- Fraudulent revenue recognition.

We have already considered and identified management override of controls as a significant risk above, but set out our considerations in respect of fraudulent revenue recognition below:

	Description of risk	Planned response
1	<p><b>Fraudulent revenue recognition</b></p> <p>Our audit methodology incorporates this risk as a significant risk at all audits, although based on the circumstances of each audit, it is rebuttable.</p>	<p>We do not consider this to be a significant risk for Chesterfield Borough Council as:</p> <ul style="list-style-type: none"> <li>• there is an overall low risk for local authorities, and particularly this Council;</li> <li>• there are no particular incentives or opportunities to commit material fraudulent revenue recognition; and</li> <li>• the level of income that does not derive from either grant or taxation sources is low relative to the Council's overall income streams, and generally represents a number of low value, high volume transactions.</li> </ul> <p>We therefore rebut this risk and do not incorporate specific risk procedures over and above our standard fraud procedures to address the management override of controls risk.</p>

## 4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

### Enhanced risks and key areas of management judgement

Enhanced risks and key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

	Area of management judgement	Planned response
1	<p><b>Provision for business rate appeals against the rating list</b></p> <p>The issue of a new rating list and a change in the appeals process has created delays in appeals being notified to the Council. Consequently management need to make an assumption over the likely level of appeals that will be successful based on their rating knowledge.</p>	<p>We plan to address this judgement by:</p> <ul style="list-style-type: none"> <li>• Reviewing the basis of the Council's calculation of its provision by recalculating the provision, evaluating the key assumptions of the provision, vouching movements in the provision and confirming completeness of entries;</li> <li>• Assessing whether the provision has been calculated and recorded in accordance with the Council's accounting policy; and</li> <li>• Assessing whether the amount provided at the period end is appropriate, taking into account the Council's anticipated actual liability.</li> </ul>
2	<p><b>Minimum revenue provision (MRP)</b></p> <p>Local authorities are normally required each year to set aside some of their revenues as provision for debt in respect of capital expenditure financed by borrowing or long term credit arrangements, by reference to the prior year's closing Capital Financing Requirement. The amount to be set aside each year is not prescribed although an overarching principle of prudence is expected to be adopted. This is supported by statutory guidance as to how this could be achieved and the Council is required to have regard to this in setting its MRP policy. Management judgement is therefore exercised in determining the level of its prudent provision.</p>	<p>We plan to address this judgement by:</p> <ul style="list-style-type: none"> <li>• Reviewing the Council's MRP policy to ensure that it has been developed with regard to the statutory guidance;</li> <li>• Assessing whether the provision has been calculated and recorded in accordance with the Council's policy;</li> <li>• Assessing whether the amount provided for the period is appropriate, taking into account the Council's Capital Financing Requirement; and</li> <li>• Confirming that any charge has been accounted for in accordance with the Code.</li> </ul>

# 5. VALUE FOR MONEY

## Our approach to Value for Money

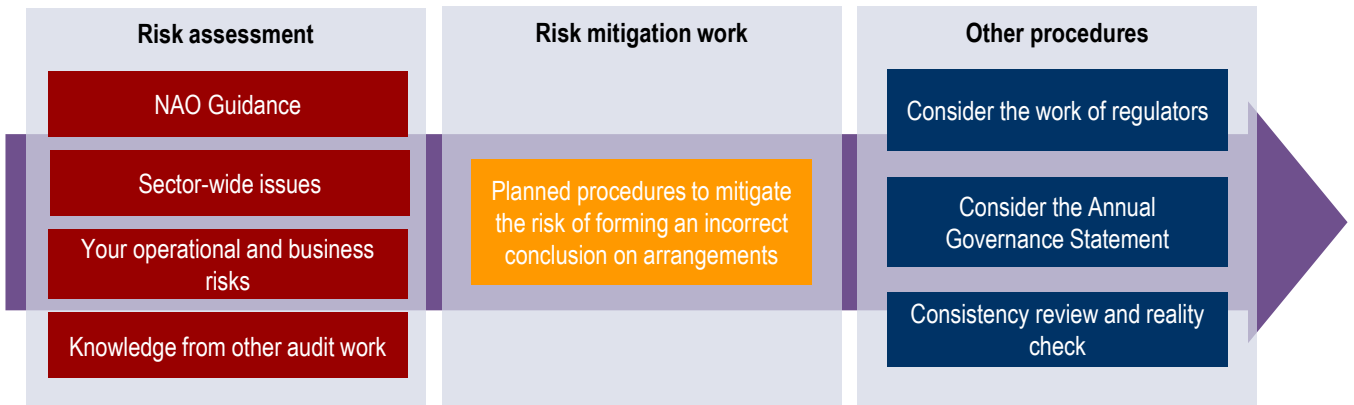
We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out, and sets out the overall criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.'

To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

A summary of the work we undertake to reach our conclusion is provided below:



## Significant risks

The NAO's guidance requires us to carry out work at the planning stage to identify whether or not a Value for Money (VFM) exists. Risk, in the context of our VFM work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. As outlined above, we draw on our deep understanding of the Council and its partners, the local and national economy and wider knowledge of the public sector.

For the 2018/19 financial year, we have not identified any significant risks to our VFM conclusion. We have though identified the following Matter which we need to keep to under close review:

- Financial sustainability - the 2020/21 onwards financial position is uncertain (common to all bodies in the sector) and the demands/funding assumptions indicate a likely shortfall in those years. The Medium Term Financial Plan identifies that a further £1m in savings is needed to be made to bridge the forecast deficit for that year. Savings are being achieved through a combination of efficiency targets, business transformation, reviewing reserve contributions and new income streams. We need to monitor the progress made and revisit the position in relation to this significant risk before forming our VFM conclusion.

We will continually assess whether any matters come to our attention through the course of our audit that lead us to conclude that a risk to our VFM conclusion does exist and where any such risk is identified, these will be reported to the Audit and Corporate Governance Scrutiny Committee in July 2019 as part of our Audit Completion Report.



## 6. FEES FOR AUDIT AND OTHER SERVICES

### Fees for work as the Council's appointed auditor

At this stage of the audit we are not planning any divergence from the scale fees set by PSAA as communicated in our fee letter of 25 April 2018.

Service	2017/18 fee	2018/19 fee
Code audit work	£40,383	£52,445

### Fees for non-PSAA work

We have not been separately engaged by the Council to carry out any additional work over the fees outlined above in relation to our appointment by PSAA.

Should the Council wish us to undertake any additional work, before agreeing to this we will consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

## 7. OUR COMMITMENT TO INDEPENDENCE

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethics training;
- rotation policies covering audit engagement partners and other key members of the audit team;
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Mark Surridge in the first instance.

Prior to the provision of any non-audit services Mark Surridge will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

As we have not been engaged to carry out any non-audit work to date, no threats to our independence have been identified. Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

## 8. MATERIALITY AND MISSTATEMENTS

### Summary of initial materiality thresholds

Threshold	Initial threshold
Overall materiality	£2,549,000
Performance materiality	£1,785,000
Trivial threshold for errors to be reported to the Standards and Audit Committee	£76,000

### Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of the 2017/18 total gross expenditure. We have calculated a headline figure for materiality but have also identified separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to the Standards and Audit Committee.

We consider that total gross expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



## 8. MATERIALITY AND MISSTATEMENTS (CONTINUED)

We have set our materiality threshold at 2% of the benchmark based on the 2017/18 audited financial statements.

Based on the 2017/18 audited financial statements we anticipate the overall materiality for the year ending 31 March 2019 to be £2,549,000.

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

### Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In setting performance materiality we have taken into account that this is our first year of audit and accordingly we do not hold extensive cumulative audit knowledge about the Council's financial statements. We have therefore set our performance materiality at 70% of our overall materiality being £1,785,000.

As with overall materiality, we will remain aware of the need to change this performance materiality level through the audit to ensure it remains to be set at an appropriate level.

### Specific items of lower materiality

We have also calculated materiality for specific classes of transactions, balances or disclosures where we determine that misstatements of a lesser amount than materiality for the financial statements as a whole, could reasonably be expected to influence the decisions of users taken on the basis of the financial statements. We have set specific materiality for the following items of account:

Item of account	Specific materiality
Officers' remuneration	£5,000 *
Members' allowances and expenses	£87,000
External audit costs	£10,000

\* Reflecting movement from one salary band to another

### Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Standards and Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £76,000 based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Mark Surridge.

### Reporting to the Standards and Audit Committee

To comply with International Standards on Auditing (UK), the following three types of audit differences will be presented to the Standards and Audit Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).

# APPENDIX A – KEY COMMUNICATION POINTS

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Audit Strategy Memorandum	Audit Completion Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

# APPENDIX B – FORTHCOMING ACCOUNTING AND OTHER ISSUES

## Changes relevant to 2018/19

IFRS 9 Financial Instruments - the standard replaces IAS 39 and introduces significant changes to the recognition and measurement of the Council's financial instruments, particularly its financial assets.

Although the accounting changes may be complex and may require the reclassification of some instruments, it is likely that the Council will continue to measure the majority of its financial assets at amortised cost. However, we are aware that consideration will need to be given to the Council's holdings in property funds which may need to be reclassified from their current available for sale category.

For Councils that hold instruments that will be required to be measured at fair value under the new standard, there may be instances where changes in these fair values are recognised immediately and impact on the general fund. We are aware that, following the Ministry of Housing, Communities and Local Government consultations, a statutory override, will be put in place to mitigate the impact of these fair value movements on the Council's general fund balance.

IFRS 15 Revenue from Contracts with Customers - the 2018/19 Code also applies the requirements of IFRS 15, but it is unlikely that this will have significant implications for most local authorities.

There are no other significant changes to the Code of Practice on Local Authority Accounting (the Code) for 2018/19.

## Changes in future years

Accounting standard	Year of application	Implications
IFRS 16 – Leases	2020/21	<p>We anticipate that the new leasing standard will be adopted by the Code for the 2020/21 financial year.</p> <p>IFRS 16 will replace the existing leasing standard, IAS 17, and will introduce significant changes, particularly for lessees. The requirements for lessors will be largely unchanged from the position in IAS 17.</p> <p>Lessees will need to recognise assets and liabilities for all leases (except short-life or low-value leases) as the distinction between operating leases and finance leases is removed.</p> <p>The introduction of this standard is likely to lead to significant work being required in order to identify all leases to which the Council are party to.</p>

# APPENDIX C – MAZARS' CLIENT SERVICE COMMITMENT

We are here because of our clients; serving them in the best way we can is part of our DNA. We operate a Code of Conduct which drives our client service commitment in all areas, as set out below.



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# Standards and Audit Committee Progress Report – March 2019

Chesterfield Borough Council

Year ending 31 March 2019





# CONTENTS

Audit Progress

Appendix A – Technical Update

# AUDIT PROGRESS

## **Purpose of this report**

This report provides the Committee with an update on progress in delivering our responsibilities as your external auditor.

This paper also seeks to highlight at Appendix A key emerging national issues and developments which may be of interest to Members of the Committee.

If you require any additional information regarding the issues included within this briefing, please contact any member of your engagement team.

## **Audit progress**

Since the Committee last met we have:

- held internal planning meetings as part of our planning process for the 2018/19 audit;
- had update meetings with finance in respect of planning for the 2018/19 interim and final audit visits;
- undertaken planning work to refresh our documentation in respect of the Council's systems (including undertaking walkthrough testing);
- gained an understanding of the processes in place at the Council that inform the preparation of the financial statements;
- early substantive testing of transactions (including payroll, journals and property, plant and equipment)
- undertaken our risk assessment as part of planning for our 2018/19 VFM conclusion;
- liaised with Internal Audit; and
- prepared our Audit Strategy Memorandum, which is being presented to the Committee as a separate item at the April 2019 meeting.

Our work is on track, and there are no significant matters arising from our work that we are required to report to you at this stage.

## **Technical Update**

Appendix A includes, for the Committee's information, summaries of recent technical and other sector publications (from Mazars, CIPFA, the NAO and the LGA) which we believe are relevant to your responsibilities. The reports covered in this appendix, and the key messages, are summarised overleaf.

# AUDIT PROGRESS (CONT.)

<b>Mazars</b>		
1	New NHS Long Term Plan	In this briefing on the new NHS long-term plan, Mazars have highlighted the implications of the plan for local government and the key questions that local authorities should be considering.
<b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b>		
2	Proposed Financial Management Code for Local Government	CIPFA is seeking views on a proposed new Financial Management Code (CIPFA FM Code), which aims to drive improvement in financial management for all local authorities in the United Kingdom.
3	Social Care Risk Tool	CIPFA and the Association of Directors of Adult Social Services (ADASS) have released the 2018 edition of the Social Care Risk Tool; an advisory risk assessment tool for discretionary use by councils with adult social care responsibility.
4	CIPFA Bulletin 03 Closure of the 2018/19 Financial Statements	This bulletin covers the closure of accounts for the 2018/19 year and provides further guidance and clarification to complement the 2018/19 Code of Practice on Local Authority Accounting and Guidance Notes. It addresses, where relevant, frequently asked questions and other issues that have arisen since the publication of the 2018/19 Code Guidance Notes.
<b>National Audit Office</b>		
5	Planning for new Homes	This report is part of a series on housing in England, including Housing in England: overview (2017) and Homelessness (2017). The latest report focuses on the Ministry of Housing, Communities and Local Government's (MHCLG's) objective for housing in England to deliver a million homes by the end of 2020; half a million by the end of 2022; and to deliver 300,000 net additional homes a year on average.
6	March 2019 Round-up for Audit Committees	This interactive quarterly round-up of NAO publications is intended to help Audit Committees, Boards and other users by outlining the latest NAO resources for governance and oversight, risk management and strategic management issues. It also sets out how to keep in touch with NAO insight on specific issues and/or sectors.
<b>Local Government Association</b>		
7	Twenty-first Century Councils	Toolkit to help councils empower women, parents and carers to become local councillors and take on leadership positions.

Please get in touch if there any reports which you would like to discuss further with the Mazars audit team

# APPENDIX A – TECHNICAL UPDATE

## Background

This appendix includes, for the Committee’s information, summaries of recent technical and other sector publications (from Mazars, CIPFA, the NAO and the Local Government Association) which are relevant to your responsibilities. Please get in touch if there are any reports which you would like to discuss further.

### 1. Summary of NHS long-term plan, Mazars, January 2019

To support local planning, local health systems will receive five-year indicative financial allocations for 2019/20 to 2023/24 and be asked to produce local plans for implementing the commitments set out in the NHS Long Term Plan. But what does it mean for local government?

Relationships between the NHS and local government could be more challenging since the direct and significant financial relationship with the NHS through the Better Care Fund is facing an overhaul and the extent of structural overhaul facing the NHS, through the advancement of Integrated Care Systems, requires time and effort. We have set out below the significant points for local government to consider.

Theme	Key features	Implications and questions for local government
System Architecture and Planning	<p>Integrated Care Systems (ICS) will be everywhere by April 2021 with the “triple integration” of primary and specialist care, physical and mental health services, and health with social care” at a place level with commissioners sharing decisions on planning with providers. Each ICS will have a single set of commissioning decisions at the system level. This will typically involve a single Clinical Commissioning Group (CCG) for each ICS area with CCGs to become leaner, more strategic organisations working with partners, population health, service redesign and delivery of the plan.</p> <p>ICS constitution will involve a partnership board consisting of commissioners, trusts, primary care networks, non-executive chair and an accountable Clinical Director for each Primary Care network. There will also be a new ICS accountability and performance framework to provide a consistent and comparable set of performance measures. It will include a new ‘integration index’ to measure how joined up the system is. This is interesting as it’s the public voice.</p>	<p>Integrated Care Systems will have a key role in working with local authorities at the ‘place’ level and, through the ICS governance structure, commissioners will make shared decisions with providers on how to use resources, design services and improve population health.</p> <p>A review and revision of the Better Care Fund may have direct financial implications for local authorities, particularly those arrangements where some Better Care Fund streams are used as support funding for social care services. The NHS Plan does recognise social care in terms of pressures it may create on the NHS and the need to continue to support local measures to address rising demand and costs through pooled budgets, personal health and social care budgets and cites the example of the NHS overseeing a pooled budget with a joint commissioning team (Salford model), where the Council Chief Executive is the accountable officer. A Green Paper is expected to provide further clarity.</p>
Prevention and Inequalities	<p>From April 2019, Clinical Commissioning Groups (CCGs) will receive a health inequalities funding supplement, with the possibility of the commissioning of public health services, e.g. health visitors, school nurses, sexual health etc., to return to the NHS.</p> <p>A planned £30million investment in rough sleepers.</p>	<p>The onus to reduce health inequalities falls to local authorities with the NHS as support. How / will funding flow into local authorities via CCGs or will we need to wait until the next spending review? Investment in the health of rough sleepers is a short-term fix – the wrap around is for local authorities to work on housing, mental health, care and employment.</p>

# APPENDIX A – TECHNICAL UPDATE (CONT.)

Theme	Key features	Implications and questions for local government
<p>Out of Hospital Care - Primary/Community Services</p>	<p>There will be a greater proportionate level of investment in Primary care and Community Health Services: with ringfenced local funding equivalent to a £4.5billion increase by 2023/24.</p> <p>In return, the NHS Plan is expecting: Fully integrated community support with training and development of multidisciplinary teams in primary and community hubs, including community hospitals.</p> <p>Integrated teams of GPs, community services and social care. Urgent response and recovery support will be delivered by flexible teams working across primary care and local hospitals, including GPs, allied health professionals, district nurses, mental health nurses, therapists and reablement teams.</p> <p>More support for Care Homes to address hospital admissions and sub-optimal medication, with an Enhanced Care in Care Homes vanguard model is to be adopted that aims to improve the links between Care Homes and Primary Care through a consistent healthcare team and named practice support, pharmacist led medication reviews, emergency support, and access to records.</p>	<p>When care transfers into the community, there is an increasing need to manage the multiagency points of contact. Having integrated teams implies local authority care workers working alongside private sector GPs and NHS staff: how will referrals, care pathways and advice on alternative services, for example housing, be managed? This also raises the need for some joined up thinking over estates management and the infrastructure of public service assets – where should teams be based?</p> <p>Local authority supply management of care homes becomes more challenging: the resilience of local market is stretched with the cost of care not always making provision financially viable – will any additional funding merely bring back some stability falling short of ambitions for Enhanced Care?</p> <p>Technology becomes increasingly important including considerations for secure data sharing between organisations. Proposals to support advances in home wearables/monitoring technology to predict hospital admission, linked to smart home technology create new forms of the same challenge: who monitors the data and who is it shared with for the person’s best interests? With an increase in social prescribing and personal health budgets, local authorities, including park authorities, can provide support through existing provision of leisure and community services. How can you create community engagement and healthier lifestyles?</p>
<p>Urgent/ Emergency Care</p>	<p>The goal is to achieve and maintain an average Delayed Transfers of Care figure of 4,000 or fewer delays. This aims to be achieved by placing therapy and social work teams at the beginning of the acute hospital pathway, with an agreed clinical care plan within 14 hours of admission that includes an expected date of discharge.</p>	<p>A direct and an indirect impact to local authorities for those residents in care or living in local authority housing. There becomes an increasing need for local authorities to dexterously call on partners across the local authority boundary, including the use of existing disabled facilities grant funding, to ensure people can return home safely.</p> <p>The Stoke-on-Trent based Revival Home from Hospital service is working at record levels and is saving the NHS almost £500,000 a year. The service helps people to get home from hospital as quickly as possible by making sure their homes meet their health needs.</p>

## APPENDIX A – TECHNICAL UPDATE (CONT.)

Theme	Key features	Implications and questions for local government
Elective Care	An NHS Personalised Care model and expansion of Personal Health Budgets, for example bespoke wheelchairs and community-based packages of personal and domestic support, mental health services, learning disabilities, and those people receiving social care support. There is expected to be trained social prescribing professionals connecting people to wider services.	Who is best placed to provide advice on connecting people to wider services? Who is well placed to deliver connected services and is there more space for framework contracts of approved providers for people to draw down from?

A summarised version of the Plan is available to download from our website:

<https://www.mazars.co.uk/Home/Industries/Public-Services/Health/NHS-Long-Term-Plan-summary>

# APPENDIX B – TECHNICAL UPDATE (CONT.)

## CIPFA

### **2. CIPFA's Proposed Financial Management Code for Local Government (March 2019)**

CIPFA is seeking views on a proposed new Financial Management Code (CIPFA FM Code), which aims to drive improvement in financial management for all local authorities in the United Kingdom.

Local government finance in the UK is governed by primary legislation, regulation and professional standards as supported by regulation. The general financial management of a local authority, however, has not been supported by a professional code. CIPFA is now proposing that a Financial Management Code (CIPFA FM Code) should be designed and developed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The CIPFA FM Code would therefore for the first time set standards of financial management for local authorities in the UK.

The draft FM Code is based on a series of principles supported by specific standards and statements of practice. They are considered by CIPFA necessary to provide the strong foundation within local authorities to enable them to:

- financially manage the short-, medium- and long-term finances
- manage financial resilience to meet foreseen demands on services
- financially manage unexpected shocks in their financial circumstances.

The draft FM Code is similar to other CIPFA codes and statements in that it is based on principles rather than prescription. Each local authority (and those bodies designated to apply the FM Code) must demonstrate that the requirements of the FM Code are being satisfied. The draft FM Code is not expected to be considered in isolation, and accompanying tools will form part of the collective suite of evidence to demonstrate sound decision making.

To date, the draft FM Code has been developed with a specified governance process which includes practitioners, auditors and representatives of governments across the UK. It was then 'road tested' by a range of local authorities to provide early evidence of both practicality and fitness for purpose. Now, CIPFA is seeking to consult more widely and consequently invites comments on the draft FM Code.

Demonstrating this compliance with the CIPFA FM Code is regarded as the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team.

The consultation document and response sheet can be downloaded at the following links:

[https://www.cipfa.org/~media/files/policy%20and%20guidance/consultations/cipfa\\_financial\\_management\\_code\\_draft\\_v10\\_consultation\\_version.pdf?la=en](https://www.cipfa.org/~media/files/policy%20and%20guidance/consultations/cipfa_financial_management_code_draft_v10_consultation_version.pdf?la=en)

[https://www.cipfa.org/~media/files/policy%20and%20guidance/consultations/fm\\_code\\_consultation\\_questions\\_final.docx?la=en](https://www.cipfa.org/~media/files/policy%20and%20guidance/consultations/fm_code_consultation_questions_final.docx?la=en)



# APPENDIX B – TECHNICAL UPDATE (CONT.)

## CIPFA

### 3. Social care risk tool (February 2019)

CIPFA and the Association of Directors of Adult Social Services (ADASS) have released the 2018 edition of the Social Care Risk Tool; an advisory risk assessment tool for discretionary use by councils with adult social care responsibility.

The tool's objective is to help authorities assess whether unsustainable financial pressures might be faced by the adult social services department. It seeks to do this by assessing the extent to which various risk factors apply. This is the third version of the risk tool and it has been expanded to include new risks that have emerged since the previous version. In addition, a number of risks have been revised to make them clearer.

The risk assessment adopts a survey format and covers the following areas:

- savings;
- local pressures; and
- culture and relationships.

Each of the areas above includes a series of questions (or indicators), and authorities are required to assess whether the indicators are strongly present (score of 5); only present to some extent (scores 2 to 4); or not at all (score of 1). The total score helps to give an indication of where the authority lies. The maximum score is 195 (there are 39 questions altogether) which represents the highest risk possible. Some of the metrics (particularly those relating to unit costs) are more illustrative than prescriptive and local authorities may wish to adjust these to reflect their local circumstances.

The risk tool is available on CIPFA's website:

<https://www.cipfa.org/cipfa-thinks/health/articles/social-care-risk-tool>

### 4. CIPFA Bulletin 03 Closure of the 2018/19 Financial Statements

This bulletin covers the closure of accounts for the 2018/19 year and provides further guidance and clarification to complement the 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners (Code Guidance Notes). It addresses, where relevant, frequently asked questions and other issues that have arisen since the publication of the 2018/19 Code Guidance Notes. The updates include:

- Further practical guidance on the implementation of IFRS9 (financial instruments) and IFRS15 (revenue);
- Disclosure requirements and streamlining the accounts;
- EU Withdrawal (Brexit);
- Guaranteed Minimum Pensions; and
- Accounting standards that have been issued but not yet adopted.

The bulletin can be downloaded at the following link:

[https://www.cipfa.org/-/media/files/policy%20and%20guidance/cipfa%20bulletins/cipfa\\_bulletin\\_03\\_closure\\_2018\\_19\\_final.pdf?la=en](https://www.cipfa.org/-/media/files/policy%20and%20guidance/cipfa%20bulletins/cipfa_bulletin_03_closure_2018_19_final.pdf?la=en)

# APPENDIX B – TECHNICAL UPDATE (CONT.)

## National Audit Office (NAO)

### 5. Planning for new homes (February 2019)

The NAO has recently published a report on *Planning for new homes*. This report is part of a series on housing in England, including *Housing in England: overview (2017)* and *Homelessness (2017)*. The latest report focuses on the Ministry of Housing, Communities and Local Government's (MHCLG's) objective for housing in England to deliver a million homes by the end of 2020; half a million by the end of 2022; and to deliver 300,000 net additional homes a year on average.

The report recognises that increasing the supply of new homes is a complex task and one of the measures MHCLG has introduced to help achieve the objective is reforming the planning system. The report notes that the planning system is fundamental to providing new homes and it assesses how effectively MHCLG supports the planning regime to provide the right homes in the right places through:

- supporting local authorities to produce plans for how the supply of new homes will meet need in their area;
- supporting local authorities and the Planning Inspectorate in having effective and sufficiently resourced planning processes and teams to deal with planning applications and appeals; and
- working effectively with local authorities, other government departments and developers to ensure infrastructure to support new homes is planned and funded.

The report finds that at present, the system is not providing value for money and that the supply of new homes has failed to meet demand. It notes that a number of factors have contributed to the planning system not working and some of these include:

- the process of setting the need for new homes;
- the reductions in local authority capability;
- the under-performing Planning Inspectorate; and
- failures in the system to ensure adequate contributions for infrastructure.

The report recognises that MHCLG's new National Planning Policy Framework is an important step, but it is too early to tell whether the changes it introduces will be effective. The report also makes a number of recommendations for MHCLG to implement alongside the framework to help the planning systems work more effectively.

The data and the original March 2018 report can be found at the following link:

<https://www.nao.org.uk/report/planning-for-new-homes/>

### 6. Round-up for Audit Committees (March 2019)

This interactive round-up of NAO publications is intended to help Audit Committees, Boards and other users by outlining the latest NAO resources for governance and oversight, risk management and strategic management issues. It also sets out how to keep in touch with NAO insight on specific issues and/or sectors. This round-up is designed to make it easy for Audit Committees, Boards and other users to find the NAO resources most helpful for the strategic management of public sector organisations. It includes an introduction by Sir Amyas Morse, Comptroller and Auditor General, and draws particular attention to publications most useful for governance, oversight and risk management. It is published each autumn and spring, covering NAO publications over the previous six months.

The detailed report can be found at the following link:

<https://www.nao.org.uk/report/round-up-for-audit-committees/>

## Local Government Association

### 7. Twenty-first century councils (March 2019)

This toolkit has been developed to help councils create the underlying policies, procedures, ethos and environment that encourages and empowers women, parents and carers to become local councillors and take on leadership positions. The Local Government Association is encouraging councils to consider their existing practices, celebrate what is working, share good practice and take action to support councillors who are women, parents and carers. The equal participation of women and men in local politics, as our elected councillors and as our leaders, is an important condition for effective democracy and good governance. Representative councils are best able to speak to, and for, their communities and to support the effective business of local government. Democracy and decision-making are strengthened when councillors reflect the people they seek to serve and represent.

<https://www.local.gov.uk/twenty-first-century-councils>

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## For publication

### CHESTERFIELD BOROUGH COUNCIL INTERNAL AUDIT PLAN 2019/20

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Meeting: Standards and Audit Committee

Date: 24th April 2019

Cabinet portfolio: Governance

Report by: Internal Audit Consortium Manager

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## **For publication**

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### **1.0 Purpose of report**

1.1 To present to Members for consideration and agreement the Internal Audit Plan for 2019/20.

### **2.0 Recommendations**

2.1 That the Internal Audit Plan for 2019/20 be agreed.

### **3.0 Report details**

3.1 A key requirement of the Public Sector Internal Audit Standards is that a periodic risk based plan should be prepared that is sufficiently flexible to reflect the changing risks and priorities of the organisation. The risk based plan should be fixed for a period of no longer than one year, should outline the assignments to be carried out, their respective priorities and the estimated resources needed.

- 3.2 The internal audit plan is linked to the Council's Council Plan in respect of its aim to provide value for money services. Audit reviews assess the controls and procedures in operation and make recommendations for improvement.
- 3.3 A note explaining the role, purpose and some of the terminology used in the internal audit plan is attached at Appendix 1.
- 3.4 An annual report summarising the outcome of the 2018/19 internal audit plan will be presented to this Committee after the year-end.
- 3.5 A summary of the internal audit plan for 2019/20 is shown below and the detailed plan is shown as Appendix 2.

### **Internal Audit Plan 2019/20**

<b>Summary</b>	<b>Audit Days</b>
Main Financial Systems	188
Other Operational Audits	196
Computer / IT Related	25
Fraud and Corruption	27
Corporate / Cross Cutting	64
Location / Regularity	5
Special Investigations & Contingency	30
Training/Updating test schedules	10
Audit Committee / Client Liaison	15
<b>Grand Total</b>	<b>560</b>

- 3.6 The plan has been prepared taking into account the following factors:-
- The organisational objectives and priorities;
  - Local and national issues and risks;
  - The requirement to produce an annual internal audit

- opinion;
  - The organisations assurance framework;
  - An update of the internal audit risk assessment exercise covering the financial control and other procedures subject to audit ;
  - The Council’s strategic risk register;
  - The views of the Corporate Management Team.
- 3.7 Resource availability has been based on the Consortium Business Plan. The plan allocates 560 days to Chesterfield Borough Council for 2019/20, this is the same allocation as in 2018/19.
- 3.8 A copy of the audit plan is provided to the Council’s external auditor to assist in co-ordination of work programmes.
- 3.9 Risk Management Issues – no formula exists that can be applied to determine internal audit coverage needs. However, as a guide, the minimum level of coverage is that required to give an annual evidence-based opinion on internal controls. The level of coverage provided by the proposed 2019/20 internal audit plan will be sufficient upon which to base an opinion.
- 4.0 **Alternative options and reason for rejection**
- 4.1 Not Applicable
- 5.0 **Recommendations**
- 5.1 That the Internal Audit Plan for 2019/20 be agreed.
- 6.0 **Reasons for recommendations**
- 6.1 To comply with the Public Sector Internal Audit Standards and to determine the internal audit work plan for the year.

## 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> These are unpublished works which have been relied on to a material extent when the report was prepared.	
<b>Appendices to the report</b>	
Appendix A	Background Note
Appendix B	CBC Internal Audit Plan 2017/18 – 2021/22



**INTERNAL AUDIT PLAN**

**BACKGROUND NOTE**

**1. Definition of Internal Audit**

Internal Audit is defined in the Public Sector Internal Audit Standards as:

'... an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

**2. The Purpose of Internal Audit**

Internal audit is not a substitute for management. It is the purpose of internal audit to assist and support management by appraising the arrangements and procedures established.

There is also a statutory requirement for internal audit in local government contained in The Accounts and Audit Regulations 2015. These regulations require the authority to maintain an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards and guidance.

**3. The Difference Between Internal Audit and External Audit**

External audit is completely independent of the authority. Much of the external auditors' work is determined by statutory responsibilities. Internal audit's terms of reference are determined and approved by management.

However, there is nevertheless scope for co-operation to avoid duplication of work and to make maximum use of audit resources.

#### 4. **The Scope of Internal Audit Work**

One of the essential elements for effective internal auditing is that the internal auditor should adequately plan, control and record their work.

To determine priorities and to assist in the direction and control of audit work the internal auditor will prepare a plan based on a risk assessment.

The audit plan is divided into the following sections: -

- **Main Financial Systems**  
This covers the fundamental accounting and income collection systems of the authority such as payroll, creditor payments, council tax etc. Most of these systems are reviewed on an annual basis due to their importance.
- **Other Operational Audits**  
Audits to be undertaken in services include reviewing the controls and procedures in place in areas such as car parks income and recruitment and selection.
- **IT Related**  
Topics in this area of the plan include a review of network security and control over Members IT equipment etc. It should be noted that some IT work is included in most of the audit areas reviewed.
- **Fraud and Corruption**  
Audits specifically related to the prevention of fraud and corruption are covered in this area of the plan e.g. a review of gifts and hospitality. It should be noted that a significant number of other audits include an anti-fraud element e.g. income audits.
- **Cross Cutting Issues**  
This area of the plan includes audit subjects that cover all services or are corporate Issues. Examples include work on the Annual Governance Statement and health and safety.

- **Special Investigations**

A contingency provision is included in the plan to cover the investigation of irregularities or cases of suspected fraud and other problems.

## 5. **Delivering the Internal Audit Service**

A three year strategic audit plan is compiled based on an internal audit risk assessment of auditable areas. This risk assessment takes into account the following factors:

- Materiality – the amount of funds passing through the system
- Control Environment / vulnerability – assessed level of control based on previous audit findings
- Sensitivity – profile of the system in relation to customer service
- Management concerns – any specific issues relating to the operation of the system
- The Council's Strategic Risk Register

Using a scoring system, audits are then categorised as High, Medium or Low risk. This ranking is then used to compile the annual audit plan.

The areas of audit work set out in the agreed plan are split into individual audit assignments.

An audit assignment can involve:

- preparation of system notes and a review/analysis of system controls;
- extraction of background information;
- extraction and testing of sample transactions and controls;
- notes of interviews and meetings.

All work undertaken is recorded on detailed working papers. To ensure that all areas have been covered and appropriate conclusions reached, all working papers are independently reviewed.

A report on the findings and recommendations arising from the audit is sent to the appropriate Service Head and CMT member at the conclusion of the audit. A response to the recommendations is requested within a set time.

A summary of internal audit reports issued each quarter is reported to the Standards and Audit Committee and an Annual Report is submitted after the end of the year detailing the outcome of the audits completed.

## Appendix B

### Chesterfield Borough Council Internal Audit Plan 2017/18 – 2021/22

	2017/18 Actual	2018/19 Actual	2019/20 Draft	2020/21 Indicative	2021/22 Indicative	Risk Factor
<b>Main Financial Systems</b>						
Main Accounting and Budgetary Control	15	12	<b>12</b>	12	12	The Council's accounts cannot be produced/ reputational damage / no control over spending (Corporate Risk1)
Bank Reconciliation	0	7	<b>0</b>	7	0	A Fraud may go undetected or system failures
Payroll	20	20	<b>25</b>	25	20	Staff are paid incorrectly/ ghost employees created (Corporate Risk 11)
Creditor Payments (Accounts Payable)	25	25	<b>25</b>	25	25	Duplicate/ fraudulent payments (Corporate Risk 11)
Debtors (Accounts Receivable)	15	15	<b>15</b>	15	15	Loss of income (Corporate Risk 11)
Treasury Management – Loans and investments	15	5	<b>15</b>	0	15	Poor investment decisions / fraud
Cash and Banking	15	8	<b>15</b>	0	15	Loss of income / theft (Corporate Risk 11)
Council Tax	15	20	<b>15</b>	20	15	Loss of income / fraud (Corporate Risk 11)
Non Domestic Rates	15	15	<b>15</b>	15	15	Loss of income / fraud (Corporate Risk 11)
Housing / Council Tax Benefits	21	21	<b>21</b>	21	21	Reputation damage / fraud (Corporate Risk 11)

## Chesterfield Borough Council Internal Audit Plan 2017/18 – 2021/22

	2017/18 Actual	2018/19 Actual	2019/20 Draft	2020/21 Indicative	2021/22 Indicative	Risk Factor
Housing Rents including Universal credit implications	20	20	<b>20</b>	20	20	Loss of income / Fraud (Corporate Risk 11)
Housing Repairs – Capital	0	10	<b>10</b>	0	10	Reputational damage / poor workmanship
Housing Repairs – Revenue	0	20	<b>0</b>	20	0	Reputational damage / poor workmanship
<b>Total</b>	176	198	<b>188</b>	180	183	
<b>Other Operational Audits</b>						<b>Risk Factor</b>
Brimington Parish Council	5	5	<b>5</b>	5	5	Accounts may be incorrect
Car Parks Income	20	0	<b>25</b>	0	25	Income loss, theft
Careline	0	12	<b>0</b>	0	12	Reputational damage
CCTV	0	0	<b>0</b>	12	0	Reputational damage
Cemeteries	0	0	<b>10</b>	0	0	Loss of income, reputational damage
Choice Based Lettings	0	0	<b>0</b>	10	0	Loss of income, reputational damage
Community Safety	0	0	<b>10</b>	0	0	
Commercial Catering/ Market Hall	0	6	<b>0</b>	0	7	Reputational damage
Commercial Waste	0	0	<b>*</b>	0	0	Loss of income, reputational damage
Contract final accounts	5	5	<b>5</b>	5	5	Poor contract management, fraud
Data Protection / FOI	8	0	<b>20</b>	0	12	Reputational damage, financial penalties (Corporate Risk 8a)

## Chesterfield Borough Council Internal Audit Plan 2017/18 – 2021/22

		2017/18 Actual	2018/19 Actual	2019/20 Draft	2020/21 Indicative	2021/22 Indicative	Risk Factor
	Disabled Facilities Grants	0	12	0	0	12	Fraud, poor VFM
	Elections	0	0	0	0	10	Fraud, wrong payments
	Expenses and Allowances	8	0	0	0	0	Incorrect or fraudulent payments
	Food Hygiene	0	0	10	0	0	Reputational Damage, Health and Safety
	Healthy Living Centre	0	20	0	15	0	Loss of income, theft
Page 47	Homelessness	0	0	0	0	10	Reputational damage
	Innovation Centres	0	0	12	0	0	Poor management – reputational damage, loss of income
	Insurance	0	12	0	0	12	High premiums, fraudulent claims
	Joint Crematorium	12	12	12	12	12	Reputational damage
	Local Searches			8	0	0	Loss of income, reputational damage
	Markets	0	12	0	12	0	Loss of income, theft
	Members and civic expenses	10	0	0	0	10	Incorrect or fraudulent payments, reputational damage
	Museum / Revolution House	0	0	6	0	0	Loss of income, artefacts
	OSD Commercial Works	0	10	0	0	12	Fails to make a profit, reputational damage (Corporate Risk 2)
	Outdoor facilities	0	12	5	0	0	Loss of income, theft
	Pavements / Vicar Lane Income	0	0	5	0	0	Loss of income
	Pest Control	0	0	8	0	0	Loss of income
	Planning Fees	0	0	0	10	0	Loss of income , fraud
	PPP Client Monitoring Procedures	5	5	5	5	5	Poor contract management (Corporate Risk 9)

## Chesterfield Borough Council Internal Audit Plan 2017/18 – 2021/22

	2017/18 Actual	2018/19 Actual	2019/20 Draft	2020/21 Indicative	2021/22 Indicative	Risk Factor
Property Compliance Audit	0	15	10	0	13	Health and safety risk (Corporate Risk 6)
Property Rents	15	0	0	15	0	Loss of income , fraud
Property Repairs – non housing	8	0	0	10	0	Assets not fit for purpose, no budget to repair (Corporate Risk 1)
Queens Park Sports Centre	14	25	0	20	0	Loss of income , theft
Rechargeable Repairs / leaseholders	0	12*	*	0	0	Loss of income
Recruitment and Selection	0	0	10	0	0	Fraud, poor procedures, poor or unfair decisions
Recycling Income	0	0	0	8	0	Loss of income
Refuse Collection – Domestic	0	0	0	10	0	Reputational damage
Rent a roof solar panels	0	0	0	8	0	Loss of income
Sale of Council Houses (Right to Buy)	10	0	0	10	0	Fraud
Section 106/CIL Follow up	8	0	0	10	0	Income Loss, fraud, failure to provide projects
Spirepride / Grounds Maintenance	0	15	0	0	0	Reputational damage
Stores	0	0	0	10	0	Poor stock control – fraud, inefficiencies
Taxi Licences	15	0	0	12	0	Loss of income , safeguarding issues (Corporate Risk 13)
Unsocial Hours Payments	0	0	0	13	0	Incorrect payments
VAT	0	0	0	8	0	Heavy fines
Venues	30	0	30	0	30	Loss of income , theft
<b>Total</b>	173	190	196	220	197	



## Chesterfield Borough Council Internal Audit Plan 2017/18 – 2021/22

	2017/18 Actual	2018/19 Actual	2019/20 Draft	2020/21 Indicative	2021/22 Indicative	Risk Factor
<b>Computer and IT Related</b>						<b>Risk Factor</b>
Cyber risks/Network Security	10	0	0	0	0	Attack on Council's network (Corporate Risk 8b)
Inventory / disposal of equipment	0	0	0	10	0	Lack of data security, theft
IT Improvement Programme	0	0	15	0	15	IT failure (Corporate Risk 2 & 4)
Laptops / removable media	0	15	0	0	0	Data breach , loss of equipment
Members IT equipment / phones	0	0	10	0	0	Data breaches, loss of equipment
New system review / system upgrades	10	15	0	10	0	Failure to test properly before implementation
Service Desk	0	0	0	0	10	Poor service leading to inefficiency
Social Media	0	10	0	0	0	Reputational damage
<b>Total</b>	20	40	25	20	25	
<b>Cross Cutting Issues</b>						
Corporate Governance and Annual Governance Statement	17	20	20	20	20	Poor Governance, reputational damage
Business Continuity Planning	0	0	0	10	0	Health and Safety issues, reputational damage (Corporate Risk 5)
Financial Advice / Working Groups/Transformation Projects	25	25	25	25	25	Appropriate controls not in place (Corporate Risk 2)
Performance Management, Corporate Targets	14	0	0	14	0	Poor Governance

## Chesterfield Borough Council Internal Audit Plan 2017/18 – 2021/22

	2017/18 Actual	2018/19 Actual	2019/20 Draft	2020/21 Indicative	2021/22 Indicative	Risk Factor
Health and Safety	10	0	14	0	10	Risk of injury or death, reputational damage (Corporate Risk 6)
Risk Management	0	0	5	0	0	Failure to identify and mitigate risks
Safeguarding	13	0	0	13	0	Reputational damage, safety of vulnerable children and adults (Corporate Risk 13)
Sheffield City Region Projects and grants/loans (CBC)	10	10	0	0	10	Lack of transparency, poor spending decisions (Corporate Risk 2)
Sickness absence	0	12	0	0	0	Reputational damage and financial loss, poor morale
<b>Total</b>	89	67	64	82	65	
<b>Fraud and Corruption</b>						
Anti-Fraud , Bribery and Corruption Strategy	0	5	0	3	0	Fraud, poor culture
Money Laundering	3	0	0	0	0	Fraud
National Fraud Initiative	10	0	5	0	5	Fraud
Procurement	15	0	15	0	15	Fraud, poor value for money, non- compliance with OJEU (Corporate Risk 9)
Register of Gifts and Hospitality	0	0	7	0	0	Bribery, fraud
Sale of Land and Property	10	0	0	0	10	Fraud, Loss of income
<b>Total</b>	38	5	27	3	30	

## Chesterfield Borough Council Internal Audit Plan 2017/18 – 2021/22

	2017/18 Actual	2018/19 Actual	2019/20 Draft	2020/21 Indicative	2021/22 Indicative	Risk Factor
<b>Location / Regularity</b>						
Petty Cash	5	5	5	5	5	Theft
<b>Total</b>	5	5	<b>5</b>	5	5	
Special Investigations/Contingency	34	30	30	30	30	Theft, fraud
Updates/review of test schedules	10	10	10	10	10	Current risks not assessed
Audit Committee / Client Officer Liaison	15	15	15	15	15	Non- compliance with PSIAS
<b>Planned Total Days</b>	560	560	<b>560</b>	560	560	

### Reserve areas for 2019/20

- \* Commercial Waste Income
- \* Rechargeable Repairs Housing
- \* Bulky waste income
- \* Leaseholder flats

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## For publication

### Summary of Internal Audit Reports Issued 2018/19

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Meeting:	Standards and Audit Committee
Date:	24th April 2019
Cabinet portfolio:	Governance
Report by:	Internal Audit Consortium Manager

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## **For publication**

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### 1.0 **Purpose of report**

- 1.1 To present for members' information a summary of Internal Audit Reports issued during the period 19th January 2019 to 1st March 2019 in respect of reports issued relating to the 2018/19 internal audit plan.

### 2.0 **Recommendation**

- 2.1 That the report be noted.

### 3.0 **Report details**

- 3.1 The Public Sector Internal Audit Standards require that the Internal Audit Consortium Manager reports periodically to the Standards and Audit Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.

- 3.2 Attached, as Appendix A, is a summary of reports issued covering the period 19th January 2019 to 1st March 2019, for audits included in the 2018/19 internal audit plan. This period 4 reports have been issued 3 with reasonable assurance and 1 with Limited assurance (laptops and other removable media). As previously agreed members have received a copy of the “Limited Assurance “report and a summary of the points arising are included at Appendix B.
- 3.3 Appendix A shows for each report a summary of the scope and objectives of the audit, the overall conclusion of the audit and the number of recommendations made / agreed where a full response has been received.
- 3.4 The conclusion column of Appendix A gives an overall assessment of the assurance that can be given in terms of the controls in place and the system’s ability to meet its objectives and manage risk in line with the definitions below.

<b>Assurance Level</b>	<b>Definition</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

- 3.5 In respect of the audits being reported, it is confirmed that there were no issues arising relating to fraud that need to be brought to the Committees attention.
- 3.6 The production of this report ensures that Members charged with governance are aware of any internal control weaknesses or fraud identified by internal audit.

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

- 4.1 The report is for information.

#### **5 Recommendation**

- 5.1 That the report be noted.

#### **6 Reasons for recommendation**

- 6.1 To inform Members of the internal audit reports issued in order that the strength of the internal controls in place can be assessed.

#### **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</b> <b>Jenny.williams@chesterfield.gov.uk</b>
<b>Background documents</b>	

These are unpublished works which have been relied on to a material extent when the report was prepared.

**Appendices to the report**

Appendix A	Summary of Internal Audit Reports Issued
Appendix B	Summary of points arising in relation to the laptops and other removable media audit
Appendix C	Laptops and other removable media internal audit report



Chesterfield Borough Council – Internal Audit ConsortiumReport to Standards and Audit CommitteeSummary of Internal Audit Reports Issued 2018/19– Period 19th January 2019 to 1st March 2019

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
20	Accounts Payable	To ensure that invoices are paid promptly and accurately and are supported by official orders.	Reasonable	16/01/19	6/2/19	6/2/19	7 (1M 6L)	7
21	Laptops and other Removable Media	To review the security of laptops and other removable media	Limited	23/01/19	13/02/19	8/2/19	19 (14M 5L)	18
22	Payroll	To ensure that all staff are paid promptly and accurately	Reasonable	25/01/19	18/3/19	18/3/19	3 (1M 2L)	3
23	Payroll Client Officer	To review the Payroll Client Officer Function	Reasonable	25/01/19	18/3/19	1/4/19	4 (1H 1M 2L)	4

Note 1 Response not due at time of writing report

### Laptops and Other Removable Media – Main points arising

- The primary database for recording laptops and other removable media was not up to date
- Appropriate documentation for the issue or transfer of laptops and other removable media is not always being completed
- When an employee leaves equipment is not always returned promptly by departments or is transferred to another employee without IT being made aware
- Lost/stolen media is not always being reported to Internal Audit or the Police
- There was no report being produced from the Sophos system to check if all devices are connecting to the network so that virus protection software can be updated
- The insurance section were not being informed regarding new purchases so the insurance schedule was out of date
- Responsibility for 4G MiFi devices was unclear
- Mobile phones and tablets were being purchased without a valid order having being raised
- Former CBC employees were shown as still having SIM/Phone allocations to them
- Business transformation have not kept any records of the phones and tablets that they have sent for disposal
- 25 mobile phones of the sample tested had not been used for 3 months indicating that the Council is paying for phones that are not required
- ICT were not always involved in the purchase of devices therefore cannot ensure that they are set up in line with IT policy before usage
- The passwords for the elections tablets were weak and the tablets had not been set up with internet access restrictions in place

These weaknesses mean that the systems in place are open to theft, fraud, misappropriation and abuse.

**Bolsover, Chesterfield and North East Derbyshire District Councils'**

**Internal Audit Consortium**

**Internal Audit Report**

<b>Authority:</b>	<b>Chesterfield Borough Council</b>
<b>Subject:</b>	<b>Laptops and Other Removable Media</b>
<b>Date of Issue:</b>	<b>23<sup>rd</sup> January 2019</b>
<b>Level of Assurance</b>	<b>Limited Assurance</b>
<b>Report Distribution:</b>	<b>Customers, Commissioning and Change Manager Head of ICT Improvement</b>



# INTERNAL AUDIT REPORT

## ICT

### Laptops and Other Removable Media

#### Introduction

An internal audit review has recently been completed to evaluate the processes relating to Chesterfield Borough Council's (CBC) Laptops and Other Removable Media provisions.

#### Scope and Objectives

The objectives of the audit were to ensure that adequate controls are in place to prevent loss of media, loss of information, introduction of malware and reputational damage.

The areas examined as part of the audit were: -

- The Policies and procedures in place
- Equipment / Inventory checks
- Government connect requirements
- Internet Usage Monitoring
- Virus Protection
- Connection to network
- Insurance
- Encryption and Security
- 4G MiFi Devices
- Smart Phones
- Elections Tablets

PCs, laptops and other removable media used by Council Members are to be reviewed as part of the 2019/20 audit plan.

#### Conclusion

The overall assessment of the internal controls operating in relation to the administration of the Council's Laptops and Other Removable Media based on the areas reviewed was **Limited Assurance** (Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed). The findings together with recommendations to address any issues identified are highlighted in the following report.

#### Acknowledgement

The Auditor would like to thank the ICT, Elections, Business transformation and Information assurance Officers for their assistance and patience during this audit.

## Findings and Recommendations

### Policies and procedures

1. The policies in place related to laptops and other removable media are the Acceptable Use of Information and ICT Policy, updated on the 01/05/2018, Information Security Policy, updated on the 01/05/2018 and the Information Security Guidance, last updated on the 31/05/2018. All the policies are available to staff members via Aspire.
2. The Acknowledgement form which is signed to accept that ICT policies of Chesterfield Borough Council was not up to date at the start of the audit, ICT have now up dated this form.

### Equipment / Inventory checks

3. On the eighteenth of October 2018 ICT returned from being outsourced to Avarto back in-house, the procurement procedure is now being reviewed to bring it in line with this change. Previously the process was that CBC would inform ICT of their requirements and IT would purchase the item/s required.
4. The procurement thresholds and the procedure at each threshold, is available to ICT staff via the intranet.
5. A sample of twenty employees who had been issued laptops and tablets were selected to ensure they were current employees. Three employees from the sample were no longer working with Chesterfield Borough Council. The details of the three employees were passed to ICT and checking showed that user accounts had been deactivated. It was a reoccurring theme during the audit that the primary database for laptops and other removable media was not being updated.

	<b>Recommendation</b>
<b>R1</b>	It is essential that the primary database held in ICT which records the distribution of laptops and other removable media devices owned by Chesterfield Borough Council is being updated in an efficient and precise manner. <i>(Priority: Medium)</i>

6. Testing was undertaken on a sample of fifteen laptops and five tablets to ensure appropriate forms had been completed when the equipment was issued to the user.
7. It was identified that two laptops (CBCHP-FLEXI88 AW & CBCHP-FLEXI315 SM) and two tablets (TAB-02 & TAB-04) from the sample did not have the appropriate forms completed and filed. A further seven laptops and two tablets had forms on file that did not match the registered user on the primary excel database held in ICT.
8. Further investigation identified that another nineteen laptops had been issued for which no signed ICT form was in the file, this included laptop numbers CBCHP-FLEXI288, CBCHP-FLEXI293 and CBCHP-FLEXI302.

	<b>Recommendation</b>
<b>R2</b>	All laptops and tablets issued should have an ICT Equipment form completed and filed in ICT. ICT Equipment transferred to a different user should have a new form completed <b><i>(Priority: Medium)</i></b>

9. A sample of fifty-four leavers from 01/04/2018 to 23/11/2018 was reviewed to confirm if they had been assigned a Laptop, iPad or Tablet on the primary database held in IT.
10. Four leavers were confirmed on the primary database marked as still employed, a review of the accounts for these employees confirmed that they had been disabled. The primary database is not being updated when laptops are transferred to new users or accounts are disabled for leavers. **See Recommendation R1.**
11. ICT informed the auditor that the process at the moment for laptops when an employee leaves is, that the laptop stays with the department and is marked on the database with the leavers name and '*post is to be filled*'. When the post is filled the new user is added and the leaver is removed.
12. It was identified during the review through discussions with ICT that the equipment issued is not always returned and at times is returned faulty, ICT only find out about this after the user has left CBC. Laptops are being held by the departments for long period's rather than being returned to ICT when an employee leaves, in one instance even when the post is not being recruited to (Senior Admin Assistant Insurance).

	<b>Recommendation</b>
<b>R3</b>	A policy needs to be established to give clear guidance to management with regards to returning laptops/removable media equipment to IT when an employee leaves their post and ensuring IT are made aware if equipment is transferred to a different user. <b><i>(Priority: Medium)</i></b>

13. The review identified that there is no requirement to keep any record of laptops/tablets that are lost or stolen however ICT had been informed regarding lost or stolen items in each incident. Internal audit is not being informed of the loss in accordance with the current Information Security Guidance. In one incidence the Information Assurance Manager was also not informed of a lost Tablet. Where a laptop has been lost or suspected stolen it should be reported to the police to improve the chances of recovery through websites such as 'checkmend' which are used by pawn brokers to ensure goods they are purchasing are not reported lost or stolen. Reporting incidents to the police would place the information regarding the item on the website so it can be traced if it is being sold.

	<b>Recommendation</b>
<b>R4</b>	The Information Security Guidance should be followed to report lost/stolen media to Internal Audit and the Information Assurance Manager. Lost or stolen devices should be reported to the police to increase the chance of recovery and records should be kept regarding the incident including time, date, incident description and police incident number. <i>(Priority: Medium)</i>

14. Audit was informed that laptops hold profiles for each user that has logged into the laptop. These profiles are not deleted however access to these is restricted to users with admin rights. Removable media devices are only wiped if requested by the manager and returned removable media is held in a secure lockable cabinet.

	<b>Recommendation</b>
<b>R5</b>	The user profiles held on the laptops should be deleted when a user is no longer employed by Chesterfield Borough Council. <i>(Priority: Low)</i>

15. ICT have a recurring call on the Service Desk for running a free tool which identifies any devices which have not been in contact with the corporate domain in 90 days. They then look through the devices to determine which devices are actually no longer in use as not all can be removed as they are stand-alone units, presentation pc's or devices which have not been turned on as staff might be on long term sick leave etc. Those then confirmed as no longer required get deleted from Active Directory as well as any other system we have referring to a device computer name. This stops anyone trying to use the device or prompts them to contact ICT to start using it.

#### Government connect requirements

16. It was established that since the ICT Network Security audit (December 2017), PSN compliance has been achieved for the period January 2018 to January 2019.
17. The ICT health check was completed shortly after PSN compliance was approved. It was confirmed that the council also achieved cyber essentials plus certification for the first time in April 2018. The cyber essentials plus certification will be due for renewal in April 2019.

#### Internet Usage Monitoring

18. Smoothwall web filter is in use at CBC, as a physical device that acts as gateway between the internet and our PCs and the internet to protect them against malicious software and code. Smoothwall blocks certain sites and can be programmed with generic rules these can be amended by ICT so access is granted to some users as required.
19. Monitoring is only undertaken if required/requested for example during investigations. Log files are created and stored and can be checked back if required.

## Virus Protection

20. Discussions with ICT revealed that there is no report on Sophos system to check if all devices are connecting to and updating the virus protection software. The ICT Support Officer reviews this through the Sophos console itself, however this has not been undertaken recently due to staff shortages on the service desk. There is no recurring service desk task set up for this, however IT are happy to have a task set up with a frequency of every three months.

	<b>Recommendation</b>
<b>R6</b>	As Agreed ICT will setup a recurring service desk task to check if Sophos is updating appropriately, this will be undertaken on a monthly basis. <b>(Priority: Low)</b>

21. The laptops used by audit staff were checked and the virus protection software was up-to-date.

## Connection to network

22. Remote Access to the network requires 2 factor authentication as well as requiring specific network certificates (can only be provided by ICT) before access to CBCs Virtual Private Network is granted.

## Insurance

23. The review identified that the insurance schedule was not up-to-date, equipment that had been purchased after the insurance renewal date had not been added to the schedule.

	<b>Recommendation</b>
<b>R7</b>	ICT should insure that the Insurance section are informed regarding new purchases so that the insurance schedule can be updated to guarantee adequate cover is in place for laptops owned by Chesterfield Borough Council. <b>(Priority: Medium)</b>

## Encryption and Security

24. The information security guidance policy under the removable media guidance section states that '*sensitive information should be encrypted on removable media*'. Only ICT approved memory sticks can be used to connect to the network.
25. During the review it was identified that the use of memory sticks is very low as most staff are now using laptops to logon to the servers and don't need to transfer data however memory sticks are available in ICT for any staff who need them. If a memory stick that is not ICT approved is used it would be blocked and the user asked to get in touch with ICT.
26. When a user wishes to use data from an external CD or USB memory stick the policy states that user is required to contact ICT to ensure the media is safe to use. This is checked by using a "*Sheep Dip*" terminal which is not connected to the network. When



any media gets tested it is logged within ICT records. Examination of the “*sheep dip*” record shows that 12 tests have been completed since April 2018.

27. It was confirmed during the previous ICT Security audit that encryption on all of the councils laptops has been completed using the Bitlocker application. Encryption ensures all data stored within device is not accessible without entering a username and password.
28. Mobile devices issued by ICT such as Smart phones, iPads and tablets do not directly connect to the network. Only to the E-Mail server. These devices are managed by an application called MobileIron, which in case of loss/theft, can remotely erase all data and lock the devices.
29. The ICT Service Lead informed audit that laptops do not have permanent markings, showing that they belong to CBC. Testing showed the laptops used in audit do not have permanent marking showing that they belong to CBC.
30. The tablets used by the elections section do not have any permanent marking and the iPads issued by CBC do not have permanent markings also the USB’s held in IT just have a tag and are not permanently marked as CBC.

	<b>Recommendation</b>
<b>R8</b>	A review of having permanent markings (Asset Tags) on laptops and other removable media should be carried out to determine if it would be beneficial. <b>(Priority: Low)</b>

31. The information security Guidance policy is available on CBC intranet and has a section on removable media which includes laptops, memory sticks and other removable media. The safe use of laptops for home working refers to physical safety issue around laptops.

#### 4G MiFi Devices

32. During the review ICT were asked regarding the issuing and monitoring of 4G MiFi Devices held by CBC. ICT informed the auditor that Business Transformation are responsible for 4G MiFi Devices, however when asked, Business Transformation informed the auditor that ICT are responsible for 4G MiFi Devices.

	<b>Recommendation</b>
<b>R9</b>	ICT and Business Transformation need to agree who is responsible for the issuing and monitoring of 4G MiFi Devices in use at Chesterfield Borough Council. <b>(Priority: Medium)</b>

#### Smart Phones

33. Through discussions with the Business Transformation Officer it was identified that Mobile phones and Tablets are sometimes purchased before a valid purchase order is in place.
34. Upon reviewing the reports from billing manager for November 2018 it was identified that four employees no longer employed by CBC are still allocated devices & these devices

are being used. For example employee number 1131023 Employment end date 03/09/18 and employee number 1255033 Employment end date 26/10/2018.

<b>Recommendations</b>	
<b>R10</b>	Orders for mobile phones and tablets should only be placed once a purchase order has been raised. <i>(Priority: Medium)</i>
<b>R11</b>	The primary record of SIM/phone allocation should be kept up-to-date to ensure former CBC employees are not shown to have SIM/Phone allocated to them after their leave date. <i>(Priority: Medium)</i>

35. Smart phones and tablets that are returned to business transformation for disposal are sent the ICT to be 'Wiped' before being disposed. During the audit it was identified that the provider of disposal services for phones and tablets is selected by business transformation and no records are kept of the equipment that has been disposed.

<b>Recommendation</b>	
<b>R12</b>	The disposal of equipment should be completed through ICT including the selection of disposal service provider and all items disposed should be recorded as such including valid receipts from disposal companies where applicable <i>(Priority: Medium)</i>

36. Testing was undertaken on a sample of fifty mobile phone numbers that had not been active in September 2018 for calls and data to confirm if they had been active in the following two months October and November. 25 SIMs from the sample of 50 had no activity recorded for calls and/or data for the three month successive period.

<b>Recommendations</b>	
<b>R13</b>	Testing showed that a number of devices had not been active over a three month consecutive period. A monitoring process needs to be devised which detects SIMs/phones which are not being used so that CBC are not paying for a service that is not used/required. <i>(Priority: Medium)</i>
<b>R14</b>	With the EE contract due for renewal in February 2019 consideration should be given to reviewing current practices and policies and assessing whether ICT are best placed to monitor and manage the devices and contract. <i>(Priority: Low)</i>

Elections Tablets

37. The Elections department purchased 21 Samsung Galaxy Tab S2 9.7” tablets including SOTI MDM (Mobile Device Management) software licence over a two year period in April 2018. This also included 1GB of data per month and training for the elections staff so they

could then train the staff who would undertake the canvassing the total amount spent was £32,197.00.

38. Testing for password access identified that the biometric password function available on the tablets is currently not being used. The passwords in place to access both the tablets and the App used when canvassing are very generic and weak.
39. Review of the internet access on the tablets identified that no restrictions are in place. Testing confirmed that restricted web pages can be accessed, for example alcohol and gambling sites are not blocked.
40. Through discussions with ICT it was identified that, ICT were not involved in the complete process when the tablets were purchased. The delivery of the tablets was made to the elections department and therefore ICT could not test the equipment was working in line with CBC policy.

	<b>Recommendations</b>
<b>R15</b>	With ICT services returning in-house in should be ensured that future purchases of ICT equipment made by departments are either made through the ICT department or ICT are involved with the purchase including testing devices are in line with the ICT policy before they go live. <b><i>(Priority: Medium)</i></b>
<b>R16</b>	Passwords to login to the tablets and the App are very weak and need to be reviewed. The option of using the biometric password function available on the tablet needs to be considered. <b><i>(Priority: Medium)</i></b>
<b>R17</b>	Internet access on the tablet needs to be reviewed to ensure restricted web pages cannot be accessed. The option of having the tablet in 'Kiosk Mode' should be explored with the supplier. <b><i>(Priority: Medium)</i></b>

41. Through discussion with the elections officers it was identified that an acknowledgment form is not signed by the canvasser being issued with the tablet.
42. During the audit it was identified that there is no insurance cover in place for the elections tablets and that the elections tablets are not on the CBC ICT Assets insurance policy.

	<b>Recommendations</b>
<b>R18</b>	It is recommended that an acknowledgment form is signed by the canvasser being issued with the tablet. <b><i>(Priority: Low)</i></b>
<b>R19</b>	Quotes should be obtained for insurance cover in case a tablet is lost, stolen or broken to see if it is cost effective to have such cover in place. The option of adding the tablets to the overall Chesterfield Borough Council ICT Assets insurance policy should be reviewed and pursued if viable. <b><i>(Priority: Medium)</i></b>

### Internal Audit Consortium Opinion Definitions

<b>Assurance Level</b>	<b>Definition</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

## Internal Audit Report – Implementation Schedule

<b>Report Title:</b>	<b>Laptops and Other Removable Media</b>	<b>Report Date:</b>	<b>23<sup>rd</sup> January 2019</b>
		<b>Response Due By Date:</b>	<b>13<sup>th</sup> February 2019</b>

Page 69

	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
<b>R1</b>	It is essential that the primary database held in ICT which records the distribution of laptops and other removable media devices owned by Chesterfield Borough Council is being updated in an efficient and precise manner.	<b>Medium</b>	✓	Fred Cornelius	31.12.19			ICT are planning the deployment of a new Cloud based Asset management tool called Snow
<b>R2</b>	All laptops and tablets issued should have an ICT Equipment form completed and filed in ICT. ICT Equipment transferred to a different user should have a new form completed	<b>Medium</b>		Fred Cornelius	31.12.19	✓		ICT are planning the deployment of a new ITSM tool, this new process will present the opportunity to replace paper based forms with digital (online) forms via a Service Catalogue
<b>R3</b>	A policy needs to be established to give clear guidance to management with regards to returning laptops/removable media equipment to IT when an employee leaves their post and ensuring IT are made aware if equipment is transferred to a different user.	<b>Medium</b>	✓	Jon Alsop	01.06.19			The new process will be brought to CMT board by ICT in May

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
<b>R4</b>	The Information Security Guidance should be followed to report lost/stolen media to Internal Audit and the Information Assurance Manager. Lost or stolen devices should be reported to the police to increase the chance of recovery and records should be kept regarding the incident including time, date, incident description and police incident number.	<b>Medium</b>	✓	Jon Alsop	01.03.19			
<b>R5</b>	The user profiles held on the laptops should be deleted when a user is no longer employed by Chesterfield Borough Council.	<b>Low</b>	✓	Service Desk	31.12.19			The planned roll out of a new Windows10 image, plus Office 365 will ensure this process is adhered to.
<b>R6</b>	As Agreed ICT will setup a recurring service desk task to check if Sophos is updating appropriately, this will be undertaken on a monthly basis	<b>Low</b>	✓	Service Desk	28.02.19			This will become a reported KPI in at the ICT Operations Board
<b>R7</b>	ICT should insure that the insurance section are informed regarding new purchases so that the insurance schedule can be updated to guarantee adequate cover is in place for laptops owned by Chesterfield Borough Council.	<b>Medium</b>	✓	Fred Cornelius	01.06.19			
<b>R8</b>	A review of having permanent markings on laptops and other removable media should be carried	<b>Low</b>	✓	Jon Alsop	01.03.19			Investigate the cost of attaching an asset tag to CBC devices

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
out to determine if it would be beneficial.							
<b>R9</b> ICT and Business Transformation need to agree who is responsible for the issuing and monitoring of 4G MiFi Devices in use at Chesterfield Borough Council.	<b>Medium</b>	✓	David Wing	31.03.19			
<b>R10</b> Orders for mobile phones and tablets should only be placed once a purchase order has been raised.	<b>Medium</b>	✓	David Wing	31.03.19			
<b>R11</b> The primary record of SIM/phone allocation should be kept up-to-date to ensure former CBC employees are not shown to have SIM/Phone allocated to them after their leave date.	<b>Medium</b>	✓	David Wing	31.03.19			
<b>R12</b> The disposal of equipment should be completed through ICT including the selection of disposal service provider and all items disposed should be recorded as such including valid receipts from disposal companies where applicable	<b>Medium</b>	✓	Fred Cornelius	28.02.19			
<b>R13</b> Testing showed that a number of devices had not been active over a three month consecutive period. A monitoring process needs to be devised which detects SIMs/phones which are not being	<b>Medium</b>	✓	EE Account manager	28.02.19			Our EE contract is set to expire as a result David Wing will be holding conversations about the opportunity for renewal and attendance of our EE account manager at Monthly Service Reviews

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
used so that CBC are not paying for a service that is not used/required.							
<b>R14</b> With the EE contract due for renewal in February 2019 consideration should be given to reviewing current practices and policies and assessing whether ICT are best placed to monitor and manage the devices and contract.	<b>Low</b>	✓		Complete			Already agreed that the process will revert back to ICT
<b>R15</b> With ICT services returning in-house it should be ensured that future purchases of ICT equipment made by departments are either made through the ICT department or ICT are involved with the purchase including testing devices are in line with CBC ICT policy before they go live.	<b>Medium</b>	✓		Complete			Already agreed that the process will revert back to ICT
<b>R16</b> Passwords to login to the tablets and the App are very weak and need to be reviewed. The option of using the biometric password function available on the tablet needs to be considered.	<b>Medium</b>	✓	Jon Alsop	01.05.19			The Elections tablets have been reconfigured with a stronger PIN and investigations into setting login to biometric are being tested
<b>R17</b> Internet access on the tablet needs to be reviewed to ensure restricted web pages cannot be accessed. The option of having the tablet in	<b>Medium</b>	✓	Jon Alsop	01.05.19			Jon Alsop has configured a tablet in kiosk mode, this prevents access to anything other than essential apps. It does however prevent the user



Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
	'Kiosk Mode' should be explored with the supplier.						changing PIN codes and finger prints so more testing is required.
<b>R18</b>	It is recommended that an acknowledgment form is signed by the canvasser being issued with the tablet.	<b>Low</b>	✓	Jon Alsop	01.05.19		The Elections team issue the devices. Jon Alsop will speak to Julie Briggs to ensure that a robust process is followed.
<b>R19</b>	Quotes should be obtained for insurance cover in case a tablet is lost, stolen or broken to see if it is cost effective to have such cover in place. The option of adding the tablets to the overall Chesterfield Borough Council ICT Assets insurance policy should be reviewed and pursued if viable.	<b>Medium</b>	✓	Julie Briggs	31.03.19		Jon Alsop to liaise with Julie Briggs (during meeting above).

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:	David Wing	Date:	08 02 2019
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## For publication

### Outstanding Internal Audit Recommendations

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Meeting: Standards and Audit Committee

Date: April 24th 2019

Cabinet portfolio: Governance

Report by: Internal Audit Consortium Manager

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## For publication

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### 1.0 Purpose of report

1.1 To present for members' information a summary of outstanding internal audit recommendations and the progress being made to implement them.

### 2.0 Recommendations

2.1 That the report be noted.

2.2 That Members' decide if they want to ask any officers to the next Standards and Audit Committee for further updates in relation to specific areas of concern.

2.3 That a further summary of outstanding internal audit recommendations be submitted to the Standards and Audit Committee in September 2019.

### 3.0 **Report details**

- 3.1 It has previously been agreed by the Standards and Audit Committee that a report detailing outstanding internal audit recommendations be brought to the Standards and Audit Committee every 6 months.
- 3.2 The implementation of audit recommendations is being monitored by the Corporate Management team on a regular basis and they have committed to being pro- active in ensuring that recommendations are implemented as agreed where possible.
- 3.3 Attached, as Appendix A, is a summary of outstanding internal audit recommendations as at the end of February 2019. In certain areas e.g. Health and Safety a corporate action plan has been produced that incorporates the internal audit recommendations made. In these instances there is a link supplied to the current version of those action plans.
- 3.4 The timely implementation of internal audit recommendations helps to ensure that the risk of error or fraud is reduced and that internal controls are operating effectively.

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

- 4.1 The report is for information.

### 5.0 **Recommendations**

- 5.1 That the report be noted.
- 5.2 That Members' decide if they want to ask any officers to the next Standards and Audit Committee for further updates in relation to specific areas of concern.
- 5.3 That a further summary of outstanding internal audit recommendations be submitted to the Standards and Audit Committee in September 2019.

## 6.0 **Reasons for recommendations**

- 6.1 To inform Members of the internal audit recommendations outstanding so that they can assess if appropriate and timely action is being taken.

### **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</b> <b>Jenny.williams@chesterfield.gov.uk</b>
<b>Background documents</b> These are unpublished works which have been relied on to a material extent when the report was prepared.	
<b>Appendices to the report</b>	
Appendix A	Summary of outstanding audit recommendations as at the end of February 2019

## Summary of Outstanding Internal Audit Recommendations as at end of February 2019

### Outstanding Recommendations 2017/18

<b>Audit Recs 17/18</b>	<b>Recommendations</b>	<b>Priority</b>	<b>Agreed Imp Date</b>	<b>Managers Comments</b>
<p><b>Choice Based Lettings – May 17</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 7</p>	<p><b>R1</b> Procedural notes, flowcharts and associated letter templates should be updated to accurately reflect current procedures and be aligned with the current policy</p>	M	<p>July 2018 <b>Extended to Dec 18</b> pending introduction of new system Locata by end of October 2018</p>	<p><b>Manager Responsible : Alison Craig</b></p> <p><b>February 19 update</b> – The legal documentation has been received to sign up to the new IT system. This alongside the new allocations policy is expected to be implemented between March and May with procedural notes etc.</p>
<p><b>Section 106 / CIL – October</b></p>	<p><b>R4</b> As recommended in the previous audit evidence should be provided to confirm the payment of the offsite play contribution (£38,800) and the highways contribution (£5,000) for CHE/05/00053/FUL</p>	M	March 2018	<p><b>Manager Responsible : Neil Johnson</b></p> <p><b>February 2019 update</b> - An invoice has now been raised</p> <p>The reference to the £5,000 highways contribution is not a matter for CBC. The contribution is required to be paid by the developer to Derbyshire County Council and</p>

<b>Audit Recs 17/18</b>	<b>Recommendations</b>	<b>Priority</b>	<b>Agreed Imp Date</b>	<b>Managers Comments</b>
				not CBC. DCC were a signatory to the agreement and it would be for them to pursue this matter.
<b>Section 106 / CIL - October</b>  Page 79	R5 As recommended in the previous audit an annual reconciliation should be completed between the Uniform system and the Accountancy system to ensure accuracy of records.	M	March 2018	<b>Manager Responsible ; Neil Johnson</b>  <b>February 19 update</b> - This is planned to be undertaken after the end of the financial year in April.
<b>Corporate Health and Safety</b>	20 recommendations made – all picked up in a separate Health and Safety recovery plan	Various	Various	<b>Manager Responsible : Ian Waller</b>  <b>See Health and Safety recovery plan version 4</b>  <a href="#"><u>Health and Safety Recovery Plan</u></a>
<b>Procurement – April 18</b>	R1 It should be ensured that when the procurement review has been completed that an updated procurement strategy is created and adopted by the council.	H	January 18	<b>Manager Responsible : Rachel O Neil / Kevin Hanlon</b>  <b>February 19 update</b> - Consultant report and recommendations re future procurement with Rachel O Neil

Audit Recs 17/18	Recommendations	Priority	Agreed Imp Date	Managers Comments
				October 2018 for action. Draft Strategy updated and awaiting progression and final review – with Rachel O Neil.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 80</p> <p><b>Procurement – April 18</b></p>	R5 It is essential that advice detailing when the NHS Procurement Unit are to be involved in procurement be distributed and that adequate training on procurement be provided to Budget Holders, Service Managers and other council officers who procure goods and/or services on behalf of the council.	H	September 18	<p><b>Manager Responsible : Rachel O Neil / Kevin Hanlon</b></p> <p><b>February 19 update</b> - Aspire intranet now provides significant support information for any staff involved in procurement.</p> <p>Training plan being developed with new HR Learning and Development team.</p> <p>NHS contacts identified for communication and support CBC registered with CIPFA procurement network from January 2019.</p>
<p><b>Procurement – April 18</b></p>	R6 A review of the council’s spend should be conducted to ensure that contracts are in place where needed, where contracts are not correctly in place these should be added to the procurement plan.	H	September 18	<p><b>Manager Responsible: Rachel O Neil / Kevin Hanlon</b></p> <p><b>February 19 update</b> - Review commenced in late 2018 with NHS and CBC Finance collaboration</p>



<b>Audit Recs 17/18</b>	<b>Recommendations</b>	<b>Priority</b>	<b>Agreed Imp Date</b>	<b>Managers Comments</b>
Page 81				<p>Current Agresso system is not set up sufficiently to immediately provide procurement data and is being considered as part of upgrade to Agresso version 7 in conjunction with CBC Finance lead.</p> <p>NHS have completed a supplier analysis of spend for consideration from current system which requires further work.</p> <p>Further analysis is currently being done by NHS to drill down into the available data</p>

## Outstanding Recommendations 2018/19

Audit Recs 18/19	Recommendations	Priority	Agreed Imp Date	Managers Comments
<b>Market Hall Café – May 2018</b>	It is essential that procurement in respect of Arden Coffee is reviewed in line with the requirements of the initial contract as spend exceeds the £25,000 limit and consequently three written quotes is required.	M	September 18	<p><b>Manager Responsible: Andy Bond</b></p> <p><b>February 19 update</b> – As Arden coffee supply both Queen’s Park and Market Hall it would be prudent to take both out to the market together as soon as the existing contracts allow. This will be investigated further.</p>

## FOR PUBLICATION

### REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

#### ANNUAL REPORT TO STANDARDS COMMITTEE 2019

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**MEETING:** (1) STANDARDS AND AUDIT COMMITTEE  
(2) CABINET MEMBER FOR FINANCE AND GOVERNANCE

**DATE:** (1) 24<sup>TH</sup> APRIL 2019  
(2) tbc

**REPORT BY:** RIPA SENIOR RESPONSIBLE OFFICER

**WARD:** ALL

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FOR PUBLICATION

(Exempt information by virtue of Paragraph 1 of Part I of Schedule 12A of the Local Government Act 1972)

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#### **1.0 PURPOSE OF REPORT**

- 1.1 To give an annual report to members on activities relating to surveillance by the Council and policies under the Regulation of Investigatory Powers Act 2011.

## **2.0 RECOMMENDATION**

- 2.1 To note the report.
- 2.2 That the Surveillance Policy be updated as set out in this report with the Local Government and Regulatory Manager authorized to make any necessary consequential amendments.
- 10.3 That the proposed activity for 2019/20 be progressed.

## **3.0 BACKGROUND**

### **3.1 RIPA**

Chesterfield Borough Council has powers under the Regulation of Investigatory Powers Act 2000 (RIPA) to conduct authorised directed surveillances (DI) and use of human intelligence sources (CHIS) in certain circumstances in connection with the conduct of criminal investigations. These powers arise from the need to protect the rights of individuals relating to private and family life (including business relationships).

### **3.2 Reporting to Members**

This report is submitted to members as a result of the requirement to report to members under paragraph 3.35 of the Home Office Code of Practice for Covert Surveillance and Property Interference. The previous report was submitted to members in April 2018. Further reports will continue to be submitted annually whether or not there has been any authorised surveillance.

### **3.3 Background**

All directed surveillances (covert, but not intrusive) and use of covert human intelligence sources (CHIS) require authorisation by a senior Council officer and the exercise of the powers is subject to review. The controls are in place in accordance with

the Human Rights Act, particularly the right to respect for family and private life.

- 3.4 Originally the Office of the Surveillance Commissioner (OSC) oversaw the exercise by councils of their surveillance powers. However, since September 2017 and the coming into effect of the Investigatory Powers Act 2016 this role is undertaken by the Investigatory Powers Commissioner (IPC)<sup>1</sup>. The Right Honourable Sir Adrian Fulford is the IPC.
- 3.5 A confidential database of authorised surveillances is maintained, charting relevant details, reviews and cancellations. There have been no authorisations since 2010.
- 3.6 Substantial changes were made to the powers of Local Authorities to conduct directed surveillance and the use of human intelligence sources under the Protection of Freedoms Act 2012.
- 3.7 As from 1 November 2012 Local Authorities may only use their powers under the Regulation of Investigatory Powers Act 2000 to prevent or detect criminal offences punishable by a minimum term of 6 months in prison (or if related to underage sale of alcohol and tobacco – not relevant to this Council). The amendment to the 2000 Act came into force on 1 November 2012.
- 3.8 Examples of where authorisations could be sought are serious criminal damage, dangerous waste dumping and serious or serial benefit fraud. The surveillance must also be necessary and proportionate. The 2012 changes mean that authorisations cannot be granted for directed surveillance for e.g. littering, dog control or fly posting.

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<sup>1</sup> <https://www.ipco.org.uk/>

- 3.9 As from 1 November 2012 any RIPA surveillance which the Council wishes to authorise must be approved by an authorising officer at the council and also be approved by a Magistrate; where a Local Authority wishes to seek to carry out a directed surveillance or make use of a human intelligence source the Council must apply to a single Justice of the Peace.
- 3.10 The Home Office have issued guidance, in the form of codes of practices, to Local Authorities and to Magistrates on the approval process for RIPA authorisations. The latest code of practice guidance was issued in September 2018.<sup>2</sup> The changes in this latest guidance are considered later in this report.

#### **4.0 Activity over 2018**

##### *No directed surveillance*

- 4.1 During 2018 no directed surveillances (DS) or use of human intelligence sources (CHIS) were authorised by the Council under the Act. The police used Council CCTV for a duly authorised monitoring exercise, but as this was not a Council investigation RIPA was not engaged for this authority.

##### *Training*

- 4.2 In the 2018 annual report members were informed that an Aspire Learning module covering all key issues of RIPA had been trialled by some enforcement officers and was to be rolled out to all officers involved with enforcement, their managers, relevant legal officers and also the chief executive (who has ultimate responsibility). Further, more detailed, modular training would be considered as and when necessary in due course.
- 4.3 All of those officers identified as requiring training completed the mandatory RIPA module in 2018. This totalled 71 officers. A

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<sup>2</sup> <https://www.gov.uk/government/publications/covert-surveillance-and-covert-human-intelligence-sources-codes-of-practice>

100% completion rate is an excellent outcome, though 4 of these are not certified as successfully completing the module. However, they will be required to revisit the training module each year. A further three officers (whose work does not involve investigations) have voluntarily completed the training.

- 4.4 Last year it was reported that enquiries had been made of Arvato and Kier as to whether they use surveillance. Arvato does not use surveillance that requires authorisation under RIPA. Kier's function does not require the use of surveillance.
- 4.5 In addition to the RIPA module, the Monitoring Officer, who is the RIPA Senior Responsible Officer, has also undertaken an external training workshop about recent changes (January 2019) and has studied the 2018 guidance.

*No inspection*

- 4.6 No inspection of the Council's procedures, either in person or through a desktop exercise, has taken place by the Investigatory Powers Commissioner in the past year (the last inspection took place in March 2016).

*Internal guidance*

- 4.7 Intended guidance on the use of e.g. body cams by Council enforcement staff was not developed as intended. This will be carried forward to 2019, see below.

*Governance*

- 4.6 Since the Constitution update in 2017 the responsibility for the RIPA function is with the Cabinet Member for Finance and Governance.

## **5.0 OSC / IPC Inspections and Annual Reports**

- 5.1 Members will remember that in March 2016 a surveillance inspector conducted a routine inspection of the Council's

procedures. At that stage surveillance authorities were inspected every few years. The prior inspection was in 2012 and before that in 2010.

- 5.2 The inspector in 2016, while noting that no authorised surveillance had taken place since 2010, recommended various changes to practices so the Council could maintain a “state of readiness” in case it ever needed to seek authorisation. The recommendations were set out in the report to this Committee in 2017 and put into effect.
- 5.3 For the inspection year 2016-2017 the Chief Surveillance Commissioner, Lord Judge, in his Annual Report decided that for non-unitary councils, where statutory powers have not been used at all, or very rarely during the previous 3 years, any inspection process should begin with a “desktop” examination of papers where necessary. Current indications are that the IPCO will continue with this approach, though a physical inspection at a neighbouring authority has been carried out recently.
- 5.4 The final OSC annual report was published in December 2017.<sup>3</sup> It identified that reduced resources and the new legislative burdens of the Protection of Freedoms Act 2012 had meant that investigations mostly now tended to be overt. However, local authorities should keep prepared to use the procedures and should guard against inadvertent use or misuse of the powers.
- 5.5 Social media was identified as a new medium where surveillance laws might be engaged and might require authorisation where repeated visits were made to the same material notwithstanding it was placed on public social media sites. An OSC open letter to local authorities in April 2017

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<sup>3</sup> <https://www.ipco.org.uk/docs/OSC%20Annual%20Report%202016%20-%202017%20with%20new%20page%20furniture.pdf>



stressed that lawful overt investigation of “open source” material could drift into covert surveillance falling within the legislation. The 2018 code of practice expands on this.

- 5.6 There has been no annual report issued by the IPC to date relating to local authority investigatory powers.
- 5.7 The codes of practice are admissible in court proceedings and may be taken into account by the IPC. Public authorities may be asked to justify their approaches against the codes.

## **6.0 Updated Guidance: 2018 Code of Practice**

- 6.1 There are a number of changes contained in the 2018 updated guidance. The key ones are summarised below.

### *Social Media and the Internet*

- 6.2 The availability of online information should be used by public authorities for their statutory purposes. While much material may be accessed without the need for a RIPA authorisation, persistent study of an individual’s online presence or where material is to be extracted and recorded may engage privacy considerations, and RIPA authorisations may need to be considered. Just because material is easy to obtain does not mean it does not need authorisation.
- 6.3 Views of social media sites should only be where necessary and must be proportionate. Repeated viewing and/or recording will engage RIPA. Automatic internet search tools (for example, Google Alerts – where the internet is automatically monitored for new content according to saved search criteria) can also engage RIPA.
- 6.4 Use of the internet in itself can be seen as designed to be covert, as can Facebook friend requests or setting up fake profiles to gain access to information. Setting up a false identity

is not unlawful in itself but to do so may require authorisation. Using the identity of a person known, or likely to be known, to the subject of interest or users of an internet site without authorisation or consent of that person could also breach RIPA.

- 6.5 Establishing a relationship to obtain information without disclosing identity may involve deployment of CHIS (Covert Human Intelligence Sources). So care is needed as use of social medial or the CHIS relationship may now require authorisation and court approval. Enforcement action can be taken against local authorities for breaches.
- 6.6 Consideration should be given as to whether or not the individual knows surveillance is underway. Where a public authority has taken reasonable steps to inform individual that surveillance is or may be taking place, the activity may be regarded as overt and a directed surveillance authorisation may not normally be available.
- 6.7 While there may be reduced expectation of privacy on some internet platforms as the information is openly available within the public domain, the intention was not to make it available for covert investigative activity, regardless of privacy settings. However, publicly accessible databases (e.g. information about companies and directors on the Companies House website) are unlikely to require investigation authorisation. It will be a matter of fact and degree, and the code of practice gives detailed guidance to assist decisions. Regulation cannot be avoided by using third parties to carry out any searches.
- 6.8 Care should also be taken if there is collateral intrusion. Even though an individual may have consented for the public authority to access online material, consideration also needs to be taken of whether it contains private information relating to third parties who have not given consent, and whether authorisation is necessary. This would include individuals who

comment or post information on the accounts under surveillance.

- 6.9 Any actions must also comply with GDPR and Data Protection Act 2018, including the new law enforcement processing requirements for criminal investigations and prosecutions.

#### *Employee Surveillance and Monitoring*

- 6.10 While surveillance of employees is outside RIPA, any surveillance – or monitoring - involving employees must comply with Part 3 of the Employment Practices Code<sup>4</sup>, and the Data Protection Act 2018. Monitoring is not only associated with disciplinary investigations, but also routine activities such as monitoring to ensure those working in hazardous environments are not put at risk due to unsafe working practices.
- 6.11 Where monitoring goes beyond one individual simply watching another and involved the manual or automatic recording/processing of personal data it must be done in a way that is lawful and fair to workers. Any adverse impact on workers must be justified by the benefits to the employer and others.

#### *Use of Drones*

- 6.12 Use of airborne crafts to carry out surveillance and now covered by the guidance. They can be regarded as covert due to their reduced visibility at altitude. Therefore the usual rules about directed surveillance authorisations apply.

*Comment: While the Council does not currently use drones, this is something that services will need to be aware of in the event use commences in future.*

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<sup>4</sup> [https://ico.org.uk/media/for-organisations/documents/1064/the\\_employment\\_practices\\_code.pdf](https://ico.org.uk/media/for-organisations/documents/1064/the_employment_practices_code.pdf)

### *Error and Other Reporting*

- 6.13 There is a new responsibility to report errors to the IPC, with new duties on the Senior Responsible Officer to have oversight of reporting errors, identifying the cause of errors and implementation of the process to minimise repetition of errors.
- 6.14 Public authorities must put procedures in place to ensure compliance, including careful preparation and checking of authorisations, reducing the scope for making errors. Regular reviews of errors must be undertaken by a senior officer and a written record made of each review.
- 6.15 Any “relevant error” must be reported to the IPC in view of the significant consequences on an affected individual’s rights. This would cover errors by a public authority in complying with the legislative provisions, including:
- Surveillance without lawful authority
  - Failure to comply with safeguards in statute or the code of guidance
  - (While not a “relevant error”) Any authorisation obtained due to an error of person providing information, relied on in good faith by public authority

Errors must be reported as soon as reasonably practical and within 10 working days (or longer as agreed with IPC) after it has been established that an error has occurred. Procedures should allow for interim notification pending full facts being established.

- 6.16 The report should contain:
- Details of the error

- Reasons why the report has not been available within 10 working days (if applicable)
- Cause of the error
- The amount of surveillance carried out and material obtained
- Any unintended collateral intrusion
- Any analysis or action taken
- Whether material retained or destroyed
- Steps taken to prevent recurrence

The IPC has power to issue guidance on the format of error reports.

- 6.17 The IPC can inform the person affected by a serious error if in the public interest for them to be informed. A breach of their rights is not in itself sufficient to amount to a serious error. The public authority will be asked for their views before a decision is made. The person informed of the error will also be informed of their rights to apply to the Investigatory Powers Tribunal.
- 6.18 In addition all material obtained under authority of a covert surveillance authorisation (or property interference warrant) must be handled in line with the public authority's safeguards and breaches (including breaches of data protection requirements) reported to the IPC and also the Information Commissioner. Legally privileged items, identified as such by the public authority's legal advisor, must also be reported to the IPC.

#### *Review of Procedures*

- 6.19 Internal safeguards must be periodically reviewed by the public authority, and it should be considered whether more information about their internal arrangements put into the public domain.

6.20 There is expanded guidance on procedures relating to the use of material as evidence, reviewing authorisations, handling material, dissemination of information, copying, storage and destruction of material and confidential/privileged material.

#### *Changes in the Role of Senior Responsible Officer*

6.21 In addition to the new role relating to error reporting (see above) the SRO also has a new duty to ensure that all authorising officers are of an appropriate standard. These are in addition to the existing duties of the SRO.

## **7.0 Surveillance Policy**

7.1 The Council's RIPA Policy is available on the Council's website and [here](#). Various amendments and additions are necessary as the result of the new guidance. These are shown in Appendix 1. They particularly relate to:

- Social Media
- Role of Senior Responsible Officer
- Error reporting
- CCTV
- Drones

There are also other best practice updates.

## **8.0 Activity in the current year**

8.1 Looking forward, the Council's procedures continue to be strengthened in the light of best practice and the guidance, while noting that corporately authorisation process is very rarely appropriate or necessary and has not been used since 2010. If there is further guidance from the IPC members will be updated.

- 9.2 The mandatory online training (through Aspire Learning) will be checked for relevant updates in accordance with the guidance and/or supplemented to take account of changes and monitored.
- 9.4 A RIPA update will be sent to relevant officers.
- 9.5 Updated information will be placed on the RIPA and other pages of the Council's intranet, particularly related to social media.
- 9.5 Relevant policy and guidance will be developed, including the use of body cams by Council enforcement staff. The growth in use of CCTV by different services, whilst overt surveillance, requires greater consistency across the authority and a corporate CCTV policy should be developed, including the use of body cams.
- 9.6 Activity and procedures reviewed, including mechanisms for identifying and communicating errors.

## **10.0 RECOMMENDATION**

- 10.1 To note the report.
- 10.2 That the Surveillance Policy be updated as set out in this report, with the Local Government and Regulatory Manager authorized to make any necessary consequential amendments.
- 10.3 That the proposed activity for 2019/20 be progressed.

## **11.0 REASON FOR RECOMMENDATION**

- 11.1 To enable the Council to operate the RIPA system effectively and as required by law and guidance.

GERARD ROGERS  
RIPA SENIOR RESPONSIBLE OFFICER

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# **CHESTERFIELD BOROUGH COUNCIL**

## **SURVEILLANCE POLICY**

### **1 Why does the council need a Surveillance Policy?**

All public bodies like the council must comply with The Human Rights Act 1998 (HRA). That act confers the right to respect for private and family life, home and correspondence (Article 8).

The Regulation of Investigatory Powers Act 2000 (RIPA) provides a framework for intrusive investigative procedures carried out by various authorities as part of their normal functions. This is to ensure that such procedures are carried out in a way that complies with the Human Rights Act. RIPA procedures were substantially changed by the Protection of Freedoms Act 2012.

The ~~Office of Surveillance Commissioners~~Investigatory Powers Commissioner carries out inspections of local authority procedures and policies, and oversees the exercise by public authorities of their powers under the Act.

### **2 What does RIPA cover?**

RIPA aims to ensure that when public bodies carry out investigations:

- they respect the privacy of individuals and
- that there is an interference with privacy only where the law permits it and there is a clear public interest justification.

RIPA controls the use of various methods of investigation, in particular the use of:

- covert surveillance
- covert human intelligence sources (“CHIS” – see paragraph 12 below) and
- accessing communications data.<sup>1</sup>

If the activities proposed by investigating officers fall within the definitions then this policy and guidance must be followed.

If investigating officers have any doubts about the application or meaning of this policy, they should seek advice from ~~CBC~~the council's ~~Legal~~s~~Services~~ before proceeding.

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<sup>1</sup> The Act ~~itself~~ states that it regulates: “the interception of communications, the acquisition and disclosure of data relating to communications, the carrying out of surveillance, the use of covert human intelligence sources and the acquisition of the means by which electronic data protected by encryption or passwords may be encrypted or accessed.”

The Act covers public bodies ranging from the police and secret services to district councils. The council's use of RIPA will deal mainly with carrying out surveillance and, possibly, some use of covert human intelligence sources. However, RIPA only applies to the council's core functions – its statutory duties - and not staffing issues or contractual disputes.

The changes to RIPA by the Protection of Freedoms Act 2012 took effect on 1st November, 2012. These are described in more detail in this Policy but in summary:

- RIPA authorisations must be approved by a Magistrate.
- Authorisations can only be given for preventing or detecting more serious crimes which are punishable by at least 6 months' imprisonment or concern sales of alcohol or tobacco to children.

The council may not seek authorisation for directed surveillance to investigate disorder that does not involve criminal offences or to investigate low level offences such as littering, dog fouling or fly-posting.

### 3 Human Rights Principles

RIPA requires compliance with the following human rights principles in investigatory work:

- Is the proposed action lawful?
- Is the proposed action proportionate?
- Is the proposed action necessary?
- Is the proposed action non-discriminatory?

Codes of Practice have been published by the Home Office and this Surveillance Policy is intended to establish procedures to ensure council officers are able to carry out their jobs without risking claims that their actions are breaching any person's rights to respect for their private and family life. **RIPA should be seen as assisting the council by providing a statutory defence against such claims.**

The requirements of RIPA and the HRA impact on all officers of the Council but mainly those who undertake investigatory or enforcement activities, including, Environmental Health, Planning and Internal Audit.

Surveillance plays a necessary part in modern life. It is used not just in the targeting of criminals but as a means of protecting the public from harm and preventing crime.

### 4 Restrictions on Surveillance

council officers may **only** authorise or engage in:

- covert surveillance,
- CHIS, and
- access to communication data

where it is:

- necessary for the “prevention or detection of crime or disorder” (and the criminal offences concerned are punishable by a maximum term of at least 6 months’ imprisonment OR are related to underage sales of tobacco or alcohol). Examples of such offences are:-
  - dumping of dangerous waste
  - serious criminal damage
- and proportionate in what it seeks to achieve.

Whether or not the crime threshold is met should be kept under review during the course of the investigation. If the relevant criminal offence is downgraded and the threshold no longer met the authorisation for surveillance should be cancelled.

## 5 Definitions

**“Surveillance”** is:

- monitoring, observing or listening to persons, their movements, their conversations or other activities or communications;
- recording anything monitored, observed or listened to in the course of surveillance; and
- surveillance by or with the assistance of a surveillance device.

Surveillance can be general (not directed at an individual or group) or **covert**. Only covert surveillance is covered by RIPA.

### **Types of Surveillance**

Surveillance may be **overt** or **covert**.

### **Overt Surveillance**

RIPA is not concerned with **overt** surveillance. Most of the surveillance carried out by or on behalf of the council will be overt. That is, there will be nothing secretive, clandestine or hidden about it. In many cases, officers will simply be behaving in the same way as a normal member of the public (e.g. in the case of most test purchases), and/or will be going about council business openly (e.g. a council officer walking through one of the council’s housing estates or inspecting council land).

Similarly, surveillance will be **overt** if the subject has been told that it will happen (e.g. where a noisemaker is warned, preferably in writing, that noise will be recorded if it continues, or where an premises licence is issued subject to conditions, and the licensee is told that officers may visit without notice or identifying themselves to the licence holder to check that licence conditions are being met).

### **Covert (or 'hidden') Surveillance**

However, covert surveillance is carried out in a manner calculated to ensure that the person subject to the surveillance is not aware it is or may be taking place. That is, it is done **secretly**.

### **Directed Surveillance**

**Directed Surveillance** is surveillance which is:-

- covert;
- NOT **intrusive surveillance** (see definition below) –
- Not carried out as an immediate response to events which would otherwise make seeking authorisation under the Act not reasonably practicable (e.g. spotting something suspicious and continuing to observe it) and
- undertaken for the purpose of a **specific investigation or operation** and
- in a manner **likely to obtain private information** about a person (whether or not that person is specifically targeted). (Private information is any information about a person's family or private life – see definition below).

### **Private information**

Private information is defined in section 26(10) of the 2000 Act as including any information relating to a person's private or family life. The concept of private information should be broadly interpreted to include an individual's private or personal relationship with others, and can include running of business affairs. Family life should be treated as extending beyond the formal relationships created by marriage.

## **6 Effect of Valid Authorisations**

An authorisation will provide lawful authority for a public authority to carry out covert surveillance. A covert surveillance operation will not always require an authorisation. However, authorisation is required where the purpose of the covert surveillance (wherever it takes place) is to obtain private information about a person, whether or not that person is the target of the investigation or operation.

**The key issue in Directed Surveillance is the targeting of an individual with the likely effect of gaining private information (as defined above).**

## **7 CCTV and other Cameras**

7.1 RIPA does not cater for the use of overt CCTV surveillance systems, as members of the public are should be made aware that such systems exist. General use of CCTV does not require authorisation. However, data protection considerations relating to personal information will apply to overt CCTV.

7.2 However, if CCTV is used for a covert pre-planned operation to follow an individual already identified then an authorisation should be sought for Directed Surveillance.

7.3 While the covert pre-planned operation may be carried out jointly with the police, if the surveillance is in relation to possible criminal prosecution by the police, then it is the police who should seek a prior authorisation under police RIPA procedures.

7.4 It is only when the council is planning carrying out covert pre-planned operation in relation to its own possible criminal proceedings that authorisation should be sought under the council's policy.

7.5 Relevant law relating to the use of CCTV (eg Protection of Freedoms Act 2012 and guidance (eg ICO's CCTV Code of Practice, Surveillance Camera Commissioner's Code of Practice) as well as the council's own code of practice should be followed when any CCTV is used.

7.6 These considerations are also relevant when considering use of other forms of cameras. For example, body cams, deployable cameras, and drones (if used).

7.7 Care needs to be taken if cameras are to be hidden, notwithstanding signs in the locality, as these may be considered to be covert. Signs are always necessary to make surveillance by cameras overt. This means that care should always be taken to ensure signs are in place in the vicinity of deployable cameras and body worn cameras.

7.8 If for any reason these cameras are to be used in circumstances where they are not overt and without signage, as they are likely to be below the RIPA threshold, careful discussion with an Authorising Officer and documented in case of challenge or complaint.

### 7.9—Drones

Use of airborne crafts to carry out surveillance can be regarded as covert due to their reduced visibility at altitude. Therefore the rules about directed surveillance authorisations apply to their use.

## 8 Intrusive Surveillance

This **cannot** be carried out by the council and only relates to investigations as described below.

Covert surveillance is intrusive if it:

- is carried out in relation to anything taking place on any residential premises or in any private vehicle;
- **involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device (i.e. any apparatus designed or adapted for use in surveillance and will include cameras, tape recorders etc.**

However, surveillance carried out in relation to residential premises by use of a device (i.e. a camera) which is not in or on the premises **is not intrusive** (although it will be directed) unless it is of the same quality of information as would be obtained if the equipment was in the premises.

## 9 Examples of Types of Surveillance

<i>Type of Surveillance:</i>	<i>Examples:</i>
<b><u>Overt</u></b>	<ul style="list-style-type: none"> <li>• Street Warden, Enforcement Officer or Ranger on routine patrol</li> <li>• Sign-posted Town Centre CCTV cameras (in normal use)</li> <li>• Recording noise coming from outside the premises after the occupier has been warned that this will occur if the noise persists.</li> </ul>
<b><u>Directed must be RIPA authorised</u></b>	<ul style="list-style-type: none"> <li>• Officers follow an individual or individuals over a period, to establish whether s/he is working when either claiming benefit or whilst off sick from employment</li> <li>• Test purchases where the officer has hidden camera or other recording device to record information that might include information about the private life of a shop-owner, e.g. where s/he is suspected of running his business in an unlawful manner</li> </ul>
<b><u>Intrusive - the council cannot do this!</u></b>	<ul style="list-style-type: none"> <li>• Planting a listening or other device ('bug') in a person's home or in their private vehicle or using a sophisticated listening device outside a person's home or in their private vehicle that will provide results equivalent to being 'on-site.</li> </ul>

- Going onto residential premises to take action to address an immediate nuisance, where it would not be reasonably practicable for an authorisation to be sought, is not covert surveillance (it might breach Article 8 (right to privacy) but would come within the permitted derogations provided the action could be shown to be proportionate to the harm being caused).

## 10 Communications Data

Local authorities are only permitted to acquire communications data for the purpose of preventing or detecting serious crime. This is an offence punishable by a maximum term of 12 months imprisonment or more.

Special additional rules apply to acquiring communications data. The Home Office Acquisition and Disclosure of Communications Data Code of Practice<sup>2</sup> sets these rules out.

The request must also be made through a qualified single point of contact accessed via the National Anti-Fraud Network and must also receive prior judicial approval<sup>3</sup>.

### What is communications data?

The Regulation of Investigatory Powers (Communications Data) Order 2010 extends to local authorities certain powers set out within RIPA to access **communications data**.

Communications data includes information relating to the use of a **communications service** but **does not include the contents of the communications itself** (see section 21(4) RIPA<sup>4</sup> for the detailed definition of “communications data”).

<sup>2</sup> <https://www.gov.uk/government/publications/code-of-practice-for-the-acquisition-and-disclosure-of-communications-data>

<sup>3</sup> See [www.nafn.gov.uk](http://www.nafn.gov.uk)

<sup>4</sup> (a) any traffic data comprised in or attached to a communication (whether by the sender or otherwise) for the purposes of any postal service or telecommunication system by means of which it is being or may be transmitted;  
**(b) any information which includes none of the contents of a communication (apart from any information falling within paragraph (a)) and is about the use made by any person— (i) of any postal service or telecommunications service; or (ii) in connection with the provision to or use by any person of any telecommunications service, of any part of a telecommunication system;**  
**(c) any information not falling within paragraph (a) or (b) that is held or obtained, in relation to persons to whom he provides the service, by a person providing a postal service or telecommunications service.**

**Traffic Data is** (a) any data identifying, or purporting to identify, any person, apparatus or location to or from which the communication is or may be transmitted, (b) any data identifying or selecting, or purporting to identify or select, apparatus through which, or by means of which, the communication is or may be transmitted, (c) any data comprising signals for the actuation of apparatus used for the purposes of a telecommunication system for effecting (in whole or in part) the transmission of any

Local authorities are allowed to access certain types of communications data **only for the purposes of the prevention or detection of crime or the prevention of disorder.**

The types of data concerned are as follows:

**Subscriber (“Customer”) data**

being any information, which does not include any of the contents of a communication, about the use made by any person of a postal or telecommunications service. In respect of a telecommunications service provider this is normally referred to as the “billing information”). This will include:

- Name of subscriber
- Address for billing, delivery or installation
- Contact telephone numbers
- Abstract personal data provided by the subscriber e.g. demographic information
- Subscriber account information e.g. billing arrangements
- including bank, credit/debit card details Other services provided to the customer

Service data being any other information held by the service provider relating to the persons to whom the service is provided. (This is normally referred to as “**subscriber information**”). This will include:

- The period during which the customer used the service Information about forwarding services provided by telecommunication service providers and re-direction services provided by postal service providers
- Itemised billing information
- Information on connection, disconnection and redirection Information on conference calls, call messaging, call waiting and call barring services
- Top-up details for pre-pay mobile phones including credit/debit cards used
- For postal items, records of registered, recorded or special delivery of postal items and the delivery or collection of parcels.

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*communication, and (d) any data identifying the data or other data as data comprised in or attached to a particular communication,*

*but that expression includes data identifying a computer file or computer program access to which is obtained, or which is run, by means of the communication to the extent only that the file or program is identified by reference to the apparatus in which it is stored.*

*(7) In this section— (a) references, in relation to traffic data comprising signals for the actuation of apparatus, to a telecommunication system by means of which a communication is being or may be transmitted include references to any telecommunication system in which that apparatus is comprised; and (b) references to traffic data being attached to a communication include references to the data and the communication being logically associated with each other; and in this section “data”, in relation to a postal item, means anything written on the outside of the item*



**Access to communications data may be authorised by seeking the specialist services of the National Anti-Fraud Network of which the council is a member.**

## **11 Procedures for Authorising Directed Surveillance**

### **11.1 Need for Proper Authorisation**

It is crucial that **all directed surveillance, using a CHIS or accessing communications data** is properly authorised. The authorisation and supporting documents setting out the case will then form the basis of the application to a Magistrate for consideration and approval.

Failure to secure proper authorisation and to comply with this procedure could lead to evidence being excluded by the court, significant costs being awarded against the council and complaints against the council.

### **11.2 General rules on Authorisations**

#### **11.2.1 Necessity and Proportionality**

Obtaining an authorisation under RIPA will ensure that there is a justifiable interference with an individual's rights to privacy only if the interference is **necessary, and proportionate and in accordance with the law.**

##### **11.2.1.1 Necessity**

The person granting an authorisation must believe that the authorisation is necessary **for the purpose of preventing or detecting crime or of preventing disorder of the type that could involve criminal offences.** In order to be satisfied there must be an identifiable offence to prevent or detect before an authorisation can be given. **The offence must be of a sufficiently serious category.**

##### **11.2.1.2 Proportionality**

Then, if the activities are necessary, the person granting the authorisation must believe that they are proportionate to what is sought to be achieved by carrying them out: not the proverbial 'sledgehammer to crack a nut'. This involves balancing:

- the intrusiveness of the activity on the target and others who might be affected by it against
- the need for the activity in operational terms.

The activity will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means.

The HRA defines an action as proportionate if it:

- Impairs as little as possible the rights and freedoms of the individual concerned and of innocent third parties
- Is carefully designed to meet the objectives in question
- Is not arbitrary, unfair or based on irrational considerations

All such activity should be carefully managed to meet the objective in question and must not be arbitrary or unfair.

A potential model answer would make clear the four elements of proportionality had been considered:

- (a) balancing the size and scope of the operation against the gravity and extent of the perceived mischief.
- (b) explaining how and why the methods to be adopted will cause the least possible intrusion on the target and others,
- (c) that the activity is an appropriate use of the legislation and the only reasonable way, having considered all others, of obtaining the necessary result, and
- (d) evidencing what other methods have been considered and why they were not implemented.

#### **11.2.1.2 In accordance with the law**

The exercise of these powers must always be in relation to matters that are statutory or administrative functions of the council.

Officers seeking authorisation must present their application in a fair and balanced way. The application should set out any information which supports or weakens the case for authorisation

#### **11.2.3 Collateral Intrusion**

Before authorising surveillance the authorising officer should also take into account the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation (collateral intrusion).

Measures should be taken, wherever practicable, to avoid or minimise unnecessary intrusion into the lives of those not directly connected with the investigation or operation.

An application for an authorisation should include an assessment of the risk of any collateral intrusion. The authorising officer should take this into account, when considering the proportionality of the surveillance.

Those carrying out the surveillance should inform the authorising officer if the investigation or operation unexpectedly interferes with the privacy of individuals who are not covered by the authorisation. When the original authorisation may not be sufficient, consideration should be given to whether the authorisation needs to be amended and re-authorised or a new authorisation is required.

#### **11.2.4 Confidential Information**

Particular care should be taken in cases where the subject of the investigation or operation might reasonably expect a high degree of privacy, or where confidential information is involved.

**Confidential information** consists of matters subject to legal privilege, confidential personal information or confidential journalistic material. So, for example, extra care should be given where, through the use of surveillance, it would be possible to acquire knowledge of discussions between a minister of religion and an individual relating to the latter's spiritual welfare, or where matters of medical or journalistic confidentiality or legal privilege may be involved.

**In cases where through the use of surveillance it is likely that knowledge of confidential information will be acquired, the use of surveillance is subject to a higher level of authorisation by the Chief Executive (see Appendix 1).**

### **11.3 Detailed Authorisation Procedures**

#### **11.3.1 Completing Application Forms**

All procedures under RIPA must be documented on standard forms and records kept. This is necessary to show compliance with RIPA. Standard forms can be downloaded from the Home Office Security site at <https://www.gov.uk/government/collections/ripa-forms--2>

The site also contains the Codes of Practice.

An applicant should complete the application form giving full details about the proposed surveillance and its duration. Particular care should be given to the following points:

### 11.3.2 Time Limit

**A written authorisation granted by an authorising officer and approved by a Magistrate will take effect when signed by the Magistrate. It will automatically cease to have effect unless renewed or cancelled at the end of a period of three (3) months beginning with the day on which it took effect.**

An authorising officer must set suitable review dates on which the authorisation can be formally reviewed with the applicant.

### 11.3.3 Application Details

- Why the action is being begun: why is it felt to be **necessary**?
- Why the action is **proportionate** to what it seeks to achieve: for instance could the required information reasonably be obtained by other means? It must be shown that there cannot be any other reasonable way of doing this. The questions to consider are:
  - Is this excessive in relation to the offence? (For example, suspected theft from the workplace may merit surveillance at work but not at the person's home. The length of the investigation also needs to be proportionate.)
  - Is there any less intrusive way of doing this and has it been thought through?
  - What **collateral intrusion** is likely – other people and their Article 8 (1) rights (respect for private and family life, home and correspondence). Information about others should be minimised.
  - Proportionality is **not** the same as necessity – there are separate boxes on the form for these two aspects.
- What action is to be authorised(i.e. observation or following, reference to any premises or vehicles involved and whether they are public or private) – describe the intended actions
- What information is sought from the action – for example, is there a breach of planning control?
- What is the likelihood of acquiring any religious or confidential material such as medical or financial records, legal documents etc.? **In such a case authorisation should be obtained only from the Chief Executive or (in his or her absence) any Executive Director or the Local Government & Regulatory Law Manager**

The applicant should discuss the contents of the form with the authorising officer, who if satisfied should sign the form. The authorising officer must fill in

the box for his comments, addressing the issues of necessity and proportionality.

#### 11.3.4 Urgent Cases

These will be extremely rare and an urgent case may be one where delay may, in the authorising officer's opinion, jeopardise the operation for which authorisation is being given. A lack of forethought or planning does not constitute urgency. If out of hours access to a JP is required, the council must make arrangements with HM Courts and Tribunals legal staff.

However, no RIPA authority is required an immediate response to events or situations where it is not reasonably practicable to obtain it, for instance, where criminal activity is observed during routine duties and officers conceal themselves to observe what is happening.

#### 11.4 Action during and after the Surveillance Period.

Each surveillance should have a dedicated log-sheet for officers' use. This should be kept in chronological order detailing who is the subject of the surveillance, where it is and what happens. When notes cannot be written up at the time of surveillance it should be completed as soon as possible afterwards.

All alterations in the log sheet should be crossed through and initialled and then the corrected material written to the side in the normal manner. Correction fluid should not be used at any time. Completion of the log should ensure that no empty lines are left where additional material could be written in at a later date. These logs could be used in the event of a criminal prosecution and should be kept correctly, signed as true statements and secure at all times.

In all cases there is a duty of care to those observed. All details and approvals must be kept strictly confidential. The privacy of individuals must not be put at risk and unnecessary information should not be documented i.e. if the observed person was incidentally observed in a private context such as an extra-marital affair.

When photographs or videos are taken then a photographic log needs to be maintained and all negatives retained. Technology is available to alter photographs and the logs are important to prove the originality of the photographs/videos.

Log sheets should be kept locked with the rest of the supporting documents for a period of at least three years.

Time limits should be placed on any authorisation for surveillance. In all cases written authorisations last for three months and then must be renewed if deemed necessary, using the appropriate form. Authorisations must be

cancelled when no longer necessary or appropriate. Authorising officers should keep diary reminders for cancellation/renewal dates.

Where the product of surveillance could be relevant to pending or future criminal or civil proceedings it should be retained in accordance with established disclosure requirements. The requirements of the Code of Practice under the Criminal Procedure and Investigations Act 1996<sup>5</sup>, regarding recording and retention of material obtained in the course of an investigation, must be observed.

While there is nothing in RIPA to prevent use of material properly obtained through the authorised process in other investigations, material obtained will be protected by the Data Protection Act 2018 (DPA) and in addition to other considerations must be used, stored and destroyed in compliance with the relevant requirements of the DPA and the council's data protection, information security and records management policies.

Dissemination, copying and retention of material must be limited to the minimum necessary for authorised purposes. Section 9 of the Home Office Code of Practice sets out safeguards must be in place. Confidential and privileged information must be given particular protection.

## 11.5 Renewals

Any person who would be entitled to grant a new authorisation can renew an authorisation. However, it should be the person who originally granted the authorisation. Authorisations (other than oral authorisations in urgent cases) may be renewed more than once, provided they continue to meet the criteria for authorisation. Renewals must also be authorised by a Magistrate.

Authorisations may be renewed more than once; if necessary, and the renewal should be kept/recorded as part of the central record of authorisations.

Consideration of any renewal application must consider the matter afresh, taking into account the content and value of the investigation, the information obtained so far. It must consider the same criteria as for new applications.

## 11.6 Cancellations

The authorising officer who granted or last renewed the authorisation must cancel it if he is satisfied that the directed surveillance no longer meets the criteria upon which it was authorised. Where the authorising officer is no longer available, this duty will fall on the person who has taken over the role of authorising officer. If in doubt about who may cancel an authorisation, Legal Services must be consulted. There is no requirement for a Magistrate to consider cancellations.

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<sup>5</sup> <https://www.gov.uk/government/publications/criminal-procedure-and-investigations-act-code-of-practice>

## 12 Use of Covert Human Intelligence Sources (CHIS)

### 12.1 A person is a covert human intelligence source if he/she:

- establishes or maintains a personal or other relationship with a person either to use the relationship to obtain information or discloses information obtained as a result of such a relationship;
- the surveillance is covert if and only if it is carried on in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is taking place.

Examples of use of a CHIS are the use of professional witnesses or in 'entrapment cases' when a person pretends to be a customer (but see paragraph 9 and below)

Other circumstances in which the council could be considered to be using a covert human intelligence source is where a neighbour is requested to provide information about a neighbour and information is obtained not by personal observation as in the case of neighbour nuisance, but is information obtained through conversation with the neighbour under investigation such as personal relationships. This means that asking a neighbour for information regarding who is living in a property and the relationship between the parties would be using that person as a covert human intelligence source, which would need special authorisation.

Asking a neighbour to keep records of nuisance suffered by the neighbour would not be using a covert human intelligence source because the neighbour would not be relying on a relationship with the person under investigation to obtain information. However, every case should be considered on its merits. If it becomes apparent that information is being obtained in the course of a relationship, the neighbour may in reality be a CHIS and legal advice should be sought before acting on his/her information.

### 12.2 Juvenile Sources

Special safeguards apply to the use or conduct of a juvenile CHIS (i.e. under 18 year olds). On no occasion can a child under 16 years of age be authorised to give information against his or her parents. The advice of Legal Services must be sought if the use of juveniles is being considered.

There are additional requirements if a person under 18 is a CHIS. Authorisation for an application to the Magistrates Court can only be granted by the Chief Executive or in their absence by an officer acting as head of paid service. This also applies to vulnerable individuals, below.

### 12.3 Vulnerable Individuals

A vulnerable individual is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself or herself, or unable to protect himself or herself against significant harm or exploitation.

A vulnerable individual will only be authorised to act as a source in the most exceptional of circumstances. The advice of Legal Services must be sought if the use of vulnerable individuals is being considered.

The same additional requirements apply when considering appointing a vulnerable individual as an under 18 year old (see above).

## 12.4 Test Purchases

Carrying out test purchases will not generally require the purchaser to establish a relationship with the supplier with the covert purpose of obtaining information and, therefore, the purchaser will not normally be a CHIS. For example, authorisation would not normally be required for test purchases carried out in the ordinary course of business e.g. walking into a shop and purchasing a product over the counter.

However, developing a relationship with a person in the shop, to obtain information about the sellers suppliers of an illegal product e.g. illegally imported products will require authorisation as a CHIS. Similarly, using mobile, hidden recording devices to record what is going on in the shop will require authorisation as directed surveillance. Note that a CHIS may be authorised to wear a hidden camera without the need for a separate directed surveillance authorisation.

The use of covert human intelligence source for a particular investigation must be subject to prior authorisation by a senior officer of a rank specified in Regulations made under RIPA. CBC's authorising officers are listed at the end of the document.

## 12.5 Appointment of a CHIS

A named officer (i.e. a 'Handler') will have day to day responsibility for dealing with the CHIS. That officer will:

- Fully recognise the council has a duty of care to the CHIS, whose security safety and welfare is paramount,
- Undertake a risk assessment prior to the use of the CHIS to determine the risk to them and the likely consequences should their role become known,
- Take fully into account, at the outset, whether there will be ongoing security and welfare considerations related to the CHIS, once the authorisation has been cancelled, and



- Maintain a record of the use made by the CHIS, and regulate access to them, ensuring that the Regulation of Investigatory Powers (Source Records) Regulations 2000 are fully complied with.

A further named officer will have general oversight of the use made of the CHIS (i.e. a 'Controller').

## **12.6 Safety and Welfare of CHIS**

The safety and welfare of the CHIS is paramount. Risk assessments should be carried out to assess the risk of tasking a CHIS and the activities being undertaken taking into account the particular person appointed. The risk assessments should be regularly reviewed during the course of the investigation.

A single point of contact (SPOC) should be appointed for the CHIS to communicate with. They will be responsible for carrying out the risk assessments and taking all steps to ensure CHIS welfare and safety. A senior officer must also have oversight of the arrangements and be regularly updated by the SPOC. There should be regular face to face meetings with the CHIS, in addition to any appropriate remote contact (telephone or email).

## **13 Social Media and the Internet**

13.1 While it is recognised that online information is a valuable source of information for public authorities carrying out their statutory purposes, persistent studying of an individual's online presence, extracting and recording material may engage privacy considerations and a RIPA authorisation might be necessary. Social media sites should only be viewed where necessary and viewing must be proportionate. Repeated viewing/recording without consent will engage RIPA. Automatic internet search tools (e.g. Google alerts) can also engage RIPA. Reviewing open source sites does not require authorisation unless the review is carried out with regularity or if a profile is created. In those cases directed surveillance authorisation will be required.

13.2 However, because the information is available in the public domain does not mean that the intention was to make it available for covert investigative activity.

13.3 Use of a false identity, or a fake social media profile, may require authorisation. Using the identity of a person known or likely to be known to the subject of interest without authorisation or their consent is likely to breach RIPA. Officers should not use their own personal social media accounts for these purposes. If it is necessary to breach the privacy controls and become, for example, a 'friend' on Facebook, with the investigating officer using a false account concealing their identity as a Council officer for the purpose of gaining intelligence, this is a covert operation intended to obtain private information. Authorisation as directed surveillance will be required.

13.34 If the investigator engages in any form of relationship with the account operator without disclosing their identity then they become a CHIS requiring authorisation as such. They will require management by a Controller and Handler with a record being kept and a risk assessment created.

13.4 Where consent has been given, or the public authority has taken reasonable steps to inform the individual that surveillance is or may be taking place, the activity is likely to be seen as overt.

13.5 Care should be taken where there is collateral intrusion. While consent may have been given to access material, it might contain private information relating to third parties (e.g. in comments under a Facebook post) who have not given consent.

## 14 Employee Surveillance and Monitoring

14.1 While outside the RIPA controls, any surveillance – or monitoring - involving employees must comply with Part 3 of the Employment Practices Code<sup>6</sup>, and the Data Protection Act 2018. Monitoring is not only associated with disciplinary investigations, but also routine activities such as monitoring to ensure those working in hazardous environments are not put at risk due to unsafe working practices.

14.2 Where monitoring goes beyond one individual simply watching another and involved the manual or automatic recording/processing of personal data it must be done in a way that is lawful and fair to workers. Any adverse impact on workers must be justified by the benefits to the employer and others.

## 15 Record Keeping – Central Record

145.1 The council keeps a record of all authorisations; renewals, cancellations and rejections.

145.2 This is an electronic **Central Record** and is monitored by the RIPA Co-ordinator in the Local Government and Regulatory Law Team.

145.3 The record shows:

- the type of authorisation;
- the date the authorisation was given;
- name of the authorising officer; the unique reference number (URN) of the investigation or operation;

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<sup>6</sup> [https://ico.org.uk/media/for-organisations/documents/1064/the\\_employment\\_practices\\_code.pdf](https://ico.org.uk/media/for-organisations/documents/1064/the_employment_practices_code.pdf)

- the title of the investigation or operation, including a brief description and names of subjects, if known; whether the urgency provisions were used, and if so why.
- if the authorisation is renewed, when it was renewed and who authorised the renewal, including the name of the authorising officer;
- whether the investigation or operation is likely to result in obtaining confidential information as defined in this policy
- the date the authorisation was cancelled.

| 145.4 The Central Record is password protected, and access to it is strictly limited.

| 145.5 The Central Record is linked to scanned-in copies of RIPA documents themselves.

| 145.6 The council will keep records for a period of 6 years from the ending of the authorisation. The Office of the Surveillance Commissioners (OSC) may at any time audit/review the council's policies and procedures, and individual authorisations.

| 145.7 The Local Government and Regulatory Law Team will make arrangements for applications for approval by a Magistrate once an authorisation has been granted by a designated council Authorising Officer.

| 145.8 The Magistrates' Court will make a copy of a RIPA authorisation, the original of which is to be retained by the council.

## | **156 Records maintained by the Investigating Department**

| 156.1 The following original documents must be retained by the Local Government and Regulatory Law Team and copies kept by the relevant Service Manager:

- a copy of the Forms together with any supplementary documentation and notification of the approval given by the Authorising Officer;
- a record of the dates on which an authorisation or notice in relation to access to communications data was started and cancelled;
- the frequency of reviews prescribed by the Authorised Officer;
- a record of the result of each review of the authorisation;
- a copy of any renewal or an authorisation, together with supporting documentation submitted when the renewal was requested;
- the date and time when any instruction was given by the Authorised Officer;

- the Unique Reference Number for the authorisation (URN).

| **156.2** Each form will have a URN which will be generated by the Central Record. **A URN should be requested by an applicant from the Local Government and Regulatory Law Team** before the application is made, so that authorised and rejected applications will be recorded.

| **156.3** The Central Record and all other records are to be kept STRICTLY CONFIDENTIAL and may only be disclosed by or with the written consent of Legal Services.

### | **167 Arvato, Kier and others**

| **167.1** In some cases other investigative and enforcement staff may carry out authorised surveillance on when acting on behalf of the council.

| **167.2** Relevant Arvato and Kier staff must also maintain awareness relating to RIPA and receive relevant training and any directed surveillance must be properly authorised.

| **167.3** The Senior Responsible Officer should be satisfied that clear and effective procedures are in place to ensure any RIPA related activity is properly conducted by such partners.

### | **178 Responsibilities of Elected Members**

| **178.1** The Cabinet Member for Finance and Governance has portfolio responsibility for RIPA matters.

| **178.2** RIPA Codes of Practice in force from December 2014 recommend a scrutiny role for councillors in relation to RIPA. Accordingly at least once a year, the council's use of RIPA will be reviewed and its Surveillance Policy amended, if necessary, by Cabinet member and/or Standards and Audit Committee as appropriate.

| **178.3** On a regular basis, members should scrutinise internal reports on the use of RIPA to ensure that it is being used consistently in accordance with the council's policy. The RIPA Senior Responsible Officer will report to Standards and Audit Committee at least once a year, whether or not there has been any authorised surveillance activity.

### | **4819 Training**

| **4819.1** Relevant officers under this policy shall receive regular training to ensure their awareness is current and the authority is in a position of readiness to use these controls. This will also help ensure that investigating officers do not inadvertently undertake directed surveillance without proper authorisation.

4819.2 Officers should undertake relevant mandatory training at least once a year, using in-house or external online and/or face to face training. Legal advisors should undertake specialist legal training as necessary to ensure awareness of the law within the legal service is up to date.

4819.3 Relevant training is necessary, even if there is no directed surveillance or use of CHIS, to ensure the authority is prepared to take action should the need arise.

## 20 Error Reporting

29.1 Care must be taken to avoid errors. Relevant errors must be reported to the IPC because errors can have significant consequences for an individual's rights. Full details are contained in the 2018 code of practice.

20.2 Errors include:

- Surveillance without lawful authority
- Failure to comply with safeguards in statute or the code of guidance

Also

- any authorisation obtained due to an error of person providing information, relied on in good faith by public authority
- Legally privileged materials obtained
- Failure to keep to safeguards for the use of a CHIS

20.3 Errors must be reported to the IPC through the SRO as soon as reasonably practicable and within 10 working days (or longer as agreed with IPC) after it has been established that an error has occurred. An interim notification to the IPC, pending full facts being established, can be made but this must give an estimated timescale of when the full report will be submitted.

20.4 This means that the SRO must be made aware of the error as a matter of priority so that these timescales will be met and/or the IPC informed. The SRO will also decide whether or not a relevant error has occurred and give advice, if appropriate, on how to avoid repetition of the error.

20.5 The report should contain:

- Details of the error
- Reasons why the report has not been available within 10 working days (if applicable)
- Cause of the error
- The amount of surveillance carried out and material obtained
- Any unintended collateral intrusion
- Any analysis or action taken
- Whether material retained or destroyed
- Steps taken to prevent recurrence

20.6 The IPC has power to inform the individual affected by a serious error and their rights to take the matter to the Investigatory Powers Tribunal. Home Office guidance sets out what action the IPC may take.

20.7 Material obtained under a covert surveillance authorisation must be handled in line with the council's other safeguards and policies, including breaches of data protection requirements. Any actions must also comply with GDPR and Data Protection Act 2018, including the new law enforcement processing requirements for criminal investigations and prosecutions. This means that errors and breaches might also have to be reported to the Information Commissioner.

20.8 The council must also report to an inspector at the commencement of a RIPA inspection all activity which should have been authorised but was not. This is to ensure that it can be demonstrated that any direction from the IPC has been followed.

## 21 Role of Senior Responsible Officer

21.1 In addition to the roles described elsewhere in this policy the SRO will have responsibility for:

- error reporting
- reviewing procedures and policy
- keeping intranet and website information updated
- issuing guidance to relevant officers
- monitoring online training material
- ensuring that all authorising officers are of an appropriate standard

## 4922 Government and ICO Codes of Practice and Guidance

It is vital to take full account of relevant codes of practice and guidance because they set out current best practice and authoritative advice. They will also be taken into account by the courts and IPC when considering the actions of a public authority.

4922.1—The Home Office has issued codes of practice ~~on~~including:

- Covert surveillance and property interference (2014, updated 2018)
- Covert human intelligence sources (2014, updated 2018)
- Acquisition and disclosure of communications data (~~2010~~2015)
- Interception of communications (~~2010~~2016)

These and any other relevant guidance are at:

<https://www.gov.uk/government/collections/ripa-codes>

It has also issued other guidance, for example:

- ~~Magistrates court~~ Judicial approval process (in the Magistrates Court) (20102012)

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/118173/local-authority-england-wales.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118173/local-authority-england-wales.pdf)

4922.2 The ICO Code of Practice on Surveillance Cameras and personal information (2017):

<https://ico.org.uk/media/1542/cctv-code-of-practice.pdf>

4922.3 The Surveillance Camera Commissioner's Code of Practice (2013):

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/157901/code-of-practice.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/157901/code-of-practice.pdf)

### 2023 **Amendment of this policy**

4923.1 This policy and any relevant authorisations, procedures and guidance will be reviewed and amended ~~every 6 months~~ as necessary from time to time by the Senior Responsible Officer and/or as the result of consideration by the Cabinet Member and/or Standards and Audit Committee (see paragraph 17).





- (e) To support authorising officers and facilitate applications to a Magistrate for approval as soon as possible after an authorisation has been made.
- (f) To appraise the Chief Executive of the impact of covert activity and any risks that are being taken.
- (g) To engage with Commissioners and Inspectors when they conduct their inspections and if necessary implement post-inspection recommendations.
- (h) To facilitate members' review and scrutiny powers.
- (i) To liaise with the National Anti-Fraud Network where there is a need to access communications data in order to use the services of that organisation as an expert single point of contact for such data requests.

While Home Office guidance implies that the SRO should also be an authorising officer and this dual role can provide additional resilience, the SRO should only authorise in exceptional circumstances.

### *Document Control*

*Amendments to policy:*

<i>April 2014</i>	<i>Cabinet 20<sup>th</sup> May 2014</i>
<i>Updated 2015</i>	<i>Changes to CMT</i>
<i>2016</i>	<i>new CMT structure</i>
<i>February 2017</i>	<i>RIPA Inspection recommendations and current best practice.</i>
<i><u>April 2019</u></i>	<i><u>Changes to take account of 2018 Codes of Practice and current best practice</u></i>

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## For publication

### Review of Code of Corporate Governance and the Annual Governance Statement

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Meeting: Cabinet/Standards and Audit Committee

Date: 9th April 2019/24th April 2019

Cabinet portfolio: Cabinet Member for Governance

Report by: Internal Audit Consortium Manager

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## For publication

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### 1.0 Purpose of report

1.1 To Review compliance with the Code of Corporate Governance requirements during the year 2018/19 and to present the Annual Governance Statement and associated action plan.

### 2.0 Recommendations

2.1 That the Cabinet consider the following documents and refer any comments to the Standards and Audit Committee:

- a) the Annual Review of the Local Code of Corporate Governance for 2018/19 (Appendix A);
- b) The review of the key elements that comprise the Council's governance arrangements (Appendix B)
- c) the Annual Governance Statement (Appendix C);
- d) the Annual Governance Statement Action Plan (Appendix D).

- 2.2 That the Standards and Audit Committee:
- a) consider the documents listed in 2.1 above, together with any comments from Cabinet;
  - b) subject to any amendments that they consider appropriate, approve the Annual Governance Statement and Action Plan; &
  - c) recommend that the Annual Governance Statement be signed by the Leader and Chief Executive.
- 2.3 That a review of the Code of Corporate Governance be undertaken in 12 months' time.
- 2.4 That progress on the Action Plan is monitored by the Corporate Management Team.

### **3.0 Report Details**

#### **Background**

- 3.1 As good practice and to promote sound governance arrangements local authorities are recommended to adopt and regularly review a Code of Corporate Governance. The Code of Corporate Governance details the system by which the Council controls and directs its functions and how it relates to its local community. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 3.2 The Council's Code of Corporate Governance reflects the latest CIPFA / SOLACE guidance "delivering good governance in Local Government Framework 2016 Edition".
- 3.3 The Annual Governance Statement builds on the annual review of the Code of Corporate Governance. In England, the

preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in the Accounts and Audit (England) Regulations 2015. The Regulation requires authorities to prepare an Annual Governance Statement in accordance with “proper practices” in relation to internal control. The CIPFA / SOLACE framework, ‘Delivering Good Governance in Local Government: Framework (2016)’, defines such “proper practices”.

3.4 The Annual Governance Statement should be an open and honest self-assessment of the organisation’s performance across all of its activities, with a clear statement of the actions being taken or required to address areas of concern. The 2016 CIPFA/SOLACE Framework sets out the following core principles of good Governance:-

- A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- B) Ensuring openness and comprehensive stakeholder engagement;
- C) Defining outcomes in terms of sustainable economic, social and environmental benefits;
- D) Determining the interventions necessary to optimize the achievement of the intended outcomes;
- E) Developing the entity’s capacity, including the capability of its leadership and the individuals within it;
- F) Managing risks and performance through robust internal control and strong public financial management;
- G) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

- 3.5 Local authorities are required to prepare an annual governance statement in order to report publicly on the extent to which they comply with their own code of governance, which in turn is consistent with the good governance principles in the Framework.
- 3.6 Within the delivering good governance in Local Government Framework 2016 Edition is a list of the key elements of the structures and processes that comprise an authority's governance arrangements. The Corporate Management Team and other senior officers have reviewed the position in Chesterfield Borough Council against the key elements and this review is shown at Appendix B.

### **Review of compliance with the Code of Corporate Governance requirements**

- 3.7 The Review in Appendix A shows that compliance with the Code requirements has been largely achieved during the year 2018/19. Where there is only part compliance or no compliance these areas have been addressed within the Annual Governance Statement Action Plan.

### **The Annual Governance Statement**

- 3.8 The review of compliance with the Code of Corporate Governance helps to identify evidence which is then used in the Annual Governance Statement.
- 3.9 The guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) has also been used when producing the Annual Governance Statement. The Annual Governance Statement (Appendix C) and action plan (Appendix D) have been derived from a detailed review of the assurances by senior officers and from the work undertaken and risks identified by internal audit.

- 3.10 The Corporate Management Team and other senior officers have all been involved in the review.
- 3.11 The review indicates that many of the processes and procedures in place at Chesterfield Borough Council are compliant with good practice however there are a number of governance issues that are detailed within the annual governance statement that require addressing.
- 3.12 Where it has been found that there is a gap or an area where the system of internal control could be further improved, the relevant item has been incorporated into an Action Plan shown as Appendix D. The items in the Action Plan have been ranked, with the more significant issues being included in the Annual Governance Statement (Appendix C) that will be published with the Council's Statement of Accounts.
- 3.13 The Annual Governance Statement (Appendix C) follows the layout of a pro forma statement recommended by the CIPFA guidance. The Statement should be signed by the Leader of the Council and the Chief Executive.

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

- 4.1 None

#### **5.0 Financial implications**

- 5.1 There are no cost implications.

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

- 6.1 The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in the Accounts and Audit (England) Regulations 2015.

#### **7.0 Consultation**

7.1 The Corporate Management Team and other senior officers have been involved in the review.

## **8.0 Risk Management**

8.1 The failure to operate a sound system of Corporate Governance would represent a significant risk to the Council. The review of the Code of Corporate Governance and the preparation of the Annual Governance Statement have resulted in the production of an action plan to address the risks identified. Progress against the action plan will be monitored by the Corporate Management Team and the Standards and Audit Committee.

## **9.0 Equalities Impact Assessment (EIA)**

9.1 Whilst there are not considered to be any direct equalities impacts in relation to this report, sound corporate governance arrangements will support the achievement of the Council's equalities objectives.

## **10 Alternative options and reason for rejection**

10.1 Not Applicable

## **11.0 Recommendations**

11.1 That the Cabinet consider the following documents and refer any comments to the Standards and Audit Committee:

- a) the Annual Review of the Local Code of Corporate Governance for 2018/19 (Appendix A);
- b) The review of the key elements that comprise the Council's governance arrangements (Appendix B)
- c) the Annual Governance Statement (Appendix C);
- d) the Annual Governance Statement Action Plan (Appendix D).

11.2 That the Standards and Audit Committee:

- a) consider the documents listed in 2.1 above, together with any comments from Cabinet;



- b) subject to any amendments that they consider appropriate, approve the Annual Governance Statement and Action Plan;  
&
- c) recommend that the Annual Governance Statement be signed by the Leader and Chief Executive.

11.3 That a review of the Code of Corporate Governance be undertaken in 12 months' time.

11.4 That progress on the Action Plan is monitored by the Corporate Management Team.

## **12.0 Reasons for recommendations**

12.1 To enable the Cabinet and the Standards and Audit Committee to monitor compliance with the Code of Corporate Governance.

12.2 In order to comply with the requirements of the Accounts and Audit Regulations 2015.

12.3 To support the maintenance of sound governance arrangements within the Council.

## Decision information

<b>Key decision number</b>	<b>Non-key 113</b>
<b>Wards affected</b>	<b>All</b>
<b>Links to Council Plan priorities</b>	All

## Document information

<b>Report author</b>	<b>Contact number/email</b>
<b>Jenny Williams</b>	<b>01246 345468</b> <b><u>Jenny.williams@chesterfield.gov.uk</u></b>
<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
Accounts and Audit (England) Regulations 2015 CIPFA/SOLACE publication – Delivering Good Governance in Local Government Framework 2016 Edition	
LOCATION: Internal Audit Office	
<b>Appendices to the report</b>	
Appendix A	Annual Review of the Code of Corporate Governance
Appendix B	Review of the key elements that comprise the Council's governance arrangements
Appendix C	Annual Governance Statement
Appendix D	Annual Governance Statement Action Plan

**Chesterfield Borough Council**  
**Local Code of Corporate Governance – 2018/19 Review**

<p><b>Principle A</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 131</p>	<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>
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<b>Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice</b>	<b>Responsibility</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance</b>	<b>CBC Situation</b>	<b>Compliance Achieved</b>
<p><b>Behaving with integrity</b>            Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby</p>	<p>Members, SLT, CMT</p>	<ul style="list-style-type: none"> <li>• Codes of conduct</li>   <li>• Individual sign</li> </ul>	<p>Member and Officers Codes of Conduct are within the Constitution..</p> <p>Complaints procedures in place. Councillor</p>	<p>Yes</p>

<b>Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice</b>	<b>Responsibility</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance</b>	<b>CBC Situation</b>	<b>Compliance Achieved</b>
protecting the reputation of the organisation		<p>off with regard to compliance with code</p> <ul style="list-style-type: none"> <li>• Induction for new members and staff on standard of behaviour expected</li> <li>• Adherence to behaviours outlined in council's competency framework</li> </ul>	<p>complaints assessed in accordance with the council procedure</p> <p>All new staff follow an induction process with their line manager and are required to complete various on line training modules</p> <p>Councillors have training on standards generally and also specifically (relating to e.g. planning, licensing). Training is supplemented by updates and refresher sessions as well as advice as necessary</p> <p>All staff have annual</p>	

Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Responsibility	Examples of systems, processes, documentation and other evidence demonstrating compliance	CBC Situation	Compliance Achieved
		<ul style="list-style-type: none"> <li>Performance appraisals</li> </ul>	performance appraisals, a 6 month review and 1:1's	
Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	Members, SLT, Monitoring Officer	Communicating shared values with members, staff, the community and partners	There is a Council Plan that includes a vision statement which is approved by Council on an annual basis. The Council Plan is cascaded down through SLT, CMT, service Managers meetings, the core brief, team meetings, the aspire intranet and the Borough Bulletin.	Yes
Leading by example and using these standard operating principles or values	Members, SLT, CMT	<ul style="list-style-type: none"> <li>Decision making practices</li> <li>Declarations of</li> </ul>	These are set out in the Constitution Declarations of interest	Yes

<b>Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice</b>	<b>Responsibility</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance</b>	<b>CBC Situation</b>	<b>Compliance Achieved</b>
as a framework for decision making and other actions		interests made at meetings <ul style="list-style-type: none"> <li>• Conduct at meetings</li> <li>• Shared values guide decision making</li> <li>• Develop and maintain an effective standards committee</li> </ul>	are asked for at the start of every Committee meeting. Included in the Members Code of Conduct. Protocols on Members/Officer relations and Employee Code. There is an Audit and Standards Committee to consider these issues. Changes to the Standards system are being examined following the publication of A Review of the Committee on the Standards in Public Life	
Demonstrating, communicating and	Monitoring Officer, Internal	<ul style="list-style-type: none"> <li>• Anti-fraud and corruption</li> </ul>	Anti-Fraud Bribery and Corruption policy	Yes

<b>Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice</b>	<b>Responsibility</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance</b>	<b>CBC Situation</b>	<b>Compliance Achieved</b>
<p>embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<p>Audit Consortium Manager, HR, Assistant Director - Policy and communications</p>	<p>policies are working effectively</p> <ul style="list-style-type: none"> <li>• Up-to-date register of interests (members and staff)</li> <li>• Up-to-date register of gifts and hospitality</li> </ul>	<p>reviewed and approved by the Standards and Audit Committee September 18 and advertised to staff on the intranet. Anti – fraud training provided to officers and Members September 16.</p> <p>Fraud and corruption training module on Aspire Learning.</p> <p>Members and staff are expected to declare any interests.</p> <p>There is a current register of gifts and hospitality.</p>	

Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Responsibility	Examples of systems, processes, documentation and other evidence demonstrating compliance	CBC Situation	Compliance Achieved
		<ul style="list-style-type: none"> <li>• Whistleblowing policies are in place and protect individuals raising concerns</li> <li>• Whistleblowing policy has been made available to members of the public, employees, partners and contractors</li> <li>• Complaints policy and examples of responding to</li> </ul>	<p>The Council has a current Confidential Reporting Code (Whistleblowing Policy) in place</p> <p>The Confidential Reporting Policy is on the intranet and the Council's website</p> <p>The Council keeps a record of complaints and how they are dealt with</p>	



Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Responsibility	Examples of systems, processes, documentation and other evidence demonstrating compliance	CBC Situation	Compliance Achieved
Page 137		<p>complaints about behaviour</p> <ul style="list-style-type: none"> <li>• Changes/improvements as a result of complaints received and acted upon</li> <li>• Members and officers code of conduct refers to a requirement to declare interests</li> <li>• Minutes show declarations of interest were sought and appropriate declarations made</li> </ul>	<p>Lessons are learnt from complaints</p> <p>The Members and Officers Codes of Conduct refer to a requirement to declare interests</p> <p>Declarations of interest is a standard heading on Committee agendas and minutes and any declarations are recorded</p>	
<b>Demonstrating strong</b>				

Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Responsibility	Examples of systems, processes, documentation and other evidence demonstrating compliance	CBC Situation	Compliance Achieved
<p><b>commitment to ethical values</b>            Seeking to establish, monitor and maintain the organisation's ethical standards and performance</p>	<p>Members,            Monitoring Officer            Assistant Director - Policy and Communications</p>	<ul style="list-style-type: none"> <li>• Scrutiny of ethical decision making</li> <li>• Championing ethical compliance at governing body level</li> </ul>	<p>There are 3 Scrutiny Committees:-            1)Overview and Performance Scrutiny Forum            2)Enterprise and Wellbeing Scrutiny Committee            3)Community, Customer and Organisational Scrutiny Committee</p> <p>An annual Scrutiny report goes to Full Council</p>	<p>Yes</p>

Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Responsibility	Examples of systems, processes, documentation and other evidence demonstrating compliance	CBC Situation	Compliance Achieved
<p>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</p>	<p>Members, SLT, CMT</p>	<p>Provision of ethical awareness training</p>	<p>Members receive training on ethical standards which is repeated as necessary. Regulatory Committees have a mandatory training requirement</p> <p>All staff and elected members receive a comprehensive induction which covers behaviour and ethical values</p> <p>Training is also available to both members and officers on specific equality and diversity issues.</p> <p>The Council has</p>	<p>Yes</p>

Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Responsibility	Examples of systems, processes, documentation and other evidence demonstrating compliance	CBC Situation	Compliance Achieved
			established core values which are publicised widely to staff and members and re-enforced during the Performance Development Review process.	
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Assistant Director - Policy and Communications, Monitoring Officer, Human Resources, Corporate Management Team	<ul style="list-style-type: none"> <li>• Appraisal processes take account of values and ethical behaviour</li> <li>• Staff appointments policy</li> <li>• Procurement policy</li> </ul>	<p>An employee's commitment to the Council's values are assessed at performance development reviews.</p> <p>Anti- harassment and bullying policy</p> <p>Anti- Fraud, Bribery and corruption policy</p> <p>Code of Conduct</p>	Part – The Procurement Strategy requires approval

<b>Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice</b>	<b>Responsibility</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance</b>	<b>CBC Situation</b>	<b>Compliance Achieved</b>
Page 141			<p>Equality, diversity and social inclusion policy</p> <p>There is a recruitment Policy that ensures a fair appointments process</p> <p>The Procurement Strategy is currently in Development</p>	
<p>Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation</p>	<p>SLT,CMT</p>	<ul style="list-style-type: none"> <li>Agreed values in partnership working: Statement of business ethics communicates commitment to ethical values to external</li> </ul>	<p>Draft partnership guidance/protocol has been developed and is currently out for consultation with SLT/CMT and relevant managers. This includes new arrangements for considering partnership arrangements including</p>	<p>Compliance expected March 19</p>

Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Responsibility	Examples of systems, processes, documentation and other evidence demonstrating compliance	CBC Situation	Compliance Achieved
		<ul style="list-style-type: none"> <li>• suppliers</li> <li>• Ethical values feature in contracts with external service providers</li> <li>• Protocols for partnership working</li> </ul>	concerns and resource requests at Finance and Performance Board.	
<b>Respecting the rule of law</b> Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Monitoring Officer	<ul style="list-style-type: none"> <li>• Statutory provisions</li> <li>• Statutory guidance is followed</li> <li>• Constitution</li> </ul>	Legal Services Protocols Constitution Standards and Audit Committee Procedures in place and training to ensure e.g. planning decisions properly made. Legal duty to promote and maintain standards and vested in Standards and Audit Committee	Yes

<b>Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice</b>	<b>Responsibility</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance</b>	<b>CBC Situation</b>	<b>Compliance Achieved</b>
<p>Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</p>	<p>SLT, CMT, HR</p>	<ul style="list-style-type: none"> <li>• Job description/specs</li> <li>• Compliance with CIPFA's <i>Statement on the Role of the Chief Financial Officer in Local Government</i> (CIPFA, 2015)</li> <li>• Terms of reference</li> </ul>	<p>All jobs are required to have job descriptions and person specifications that must be reviewed each time a post becomes vacant. Employment contracts specify whether posts are politically restricted and the constraints placed on office holders</p> <p>The Director of Finance and Resources is the nominated section 151 Officer and the Chief Accountant is the Deputy. CIPFA'S statement on the role of the Chief Financial Officer is complied with</p>	<p>Yes</p>

Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Responsibility	Examples of systems, processes, documentation and other evidence demonstrating compliance	CBC Situation	Compliance Achieved
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 144</p>		<ul style="list-style-type: none"> <li>Committee support</li> </ul>	<p>Each Committee has its own terms of reference</p> <p>The Local Government and Regulatory Law Manager (the Council's senior solicitor) is the Monitoring Officer. The Deputy Monitoring Officer is a nominated solicitor in their team</p> <p>The Constitution is underpinned by legal references</p> <p>Democratic and Scrutiny functions.</p>	
	Striving to optimise the use of	Monitoring	Record of legal advice	Constitution is



<b>Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice</b>	<b>Responsibility</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance</b>	<b>CBC Situation</b>	<b>Compliance Achieved</b>
the full powers available for the benefit of citizens, communities and other stakeholders	Officer	provided by officers	underpinned by legal references Committee minutes and reports  Constitution reviewed and updated as necessary and is subject to a rolling review, with amendments approved by Standards and Audit committee/Full Council (as appropriate)	
Dealing with breaches of legal and regulatory provisions effectively	Monitoring Officer	<ul style="list-style-type: none"> <li>• Monitoring officer provisions</li> <li>• Record of legal advice provided by officers</li> <li>• Statutory provisions</li> </ul>	The Council has a Monitoring Officer With oversight of governance at the Council and a Deputy Monitoring Officer (in whom vests the legal	Yes

<b>Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice</b>	<b>Responsibility</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance</b>	<b>CBC Situation</b>	<b>Compliance Achieved</b>
			function in the absence of the Monitoring Officer)	
Ensuring corruption and misuse of power are dealt with effectively	Monitoring Officer, Internal Audit Consortium Manager, SLT	<ul style="list-style-type: none"> <li>• Effective anti-fraud and corruption policies and procedures</li> <li>• Local test of assurance (where appropriate)</li> </ul>	The Anti-Fraud Bribery and Corruption Policy was approved by the Standards and Audit Committee September 2018	Yes

<b>Principle B</b>	<b>Ensuring openness and comprehensive stakeholder engagement</b> Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders			
<b>Openness</b> Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness Page 147	Members, SLT, CMT	<ul style="list-style-type: none"> <li>• Annual report</li> </ul>	There is not a specific annual report published but there are other means of communication:- <ul style="list-style-type: none"> <li>• Annual financial statements</li> <li>• Council Plan</li> <li>• The council Newsletter "Your Chesterfield" which includes Our Homes for Tenants and Leaseholders</li> <li>• The council website</li> <li>• Videos</li> <li>• Social media channels.</li> <li>• An annual report to tenants is prepared and sent to the Housing Regulator</li> </ul>	Yes

		<ul style="list-style-type: none"> <li>• Freedom of Information Act publication scheme</li> <li>• Online council tax information</li> <li>• Authority's goals and values</li> <li>• Authority website</li> </ul>	<p>(HCA), published on the website and summarised in the Our Homes publication which goes to all households in the Borough as part of the Your Chesterfield publication.</p> <ul style="list-style-type: none"> <li>• Core brief to staff</li> </ul> <p>The Council has adopted a current FOI Publication Scheme</p> <p>Council Tax information is on the website</p> <p>Included in the Council Plan</p> <p>Current website full of information</p>	
Making decisions that are open about actions, plans,	Members, SLT, CMT	Record of decision making and supporting	All reports are "open" agenda items unless	Yes

<p>resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</p>		<p>materials</p>	<p>there is a valid reason to exclude the public. All decisions by Committees are minuted</p>	
<p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</p>	<p>Assistant Director - Policy and Communications Democratic and Scrutiny Officer</p>	<ul style="list-style-type: none"> <li>• Decision making protocols</li> <li>• Report pro-formas</li> <li>• Record of professional advice in reaching decisions</li> </ul>	<p>Set out in the Constitution</p> <p>There is a template for Committee reports with Standard headings and an online system in place for reviewing and signoff of reports via ModGov</p> <p>Officers reports are all retained with the Committee agendas and papers Officer</p>	<p>Yes</p>

		<ul style="list-style-type: none"> <li>• Meeting reports show details of advice given</li> <li>• Discussion between members and officers on the information needs of members to support decision making</li> <li>• Agreement on the information that will be provided and timescales</li> <li>• Calendar of dates for submitting, publishing and distributing timely reports is adhered to</li> </ul>	<p>Recommendations included in Committee reports</p> <p>Members can request whatever information they need</p> <p>Terms of reference of the Committees and scheduled meetings during the year</p> <p>Meeting timetable is published</p>	

<p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</p>	<p>Assistant Director - Policy and Communications</p>	<ul style="list-style-type: none"> <li>• Community strategy</li> <li>• Use of consultation feedback</li> <li>• Citizen survey</li> </ul>	<p>Communications and engagements strategy which includes an annual action plan. Housing have a Customer Engagement Strategy as required by the HCA and provide a variety of opportunities for tenants to be involved in and shape service delivery including a Tenant Challenge "Scrutiny" Panel.</p>	<p>Yes</p>
<p><b>Engaging comprehensively with institutional stakeholders</b> Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p>	<p>Assistant Director – Policy and Communications</p>	<p>Communication strategy</p>	<p>There is an approved internal and external communication and engagement strategy in place.</p> <p>Senior Leadership Team has defined relationship leads for key.</p>	<p>Yes</p>

<p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</p>	<p>SLT, CMT</p>	<p>Database of stakeholders with whom the authority should engage and for what purpose and a record of an assessment of the effectiveness of any changes</p>	<p>Stakeholder groups identified for different consultation types e.g. community and voluntary sector, sport and leisure organisations, planning consultations, equality and diversity forum etc. Bespoke communication consultation and research plans.</p>	<p>Yes</p>
<p>Ensuring that partnerships are based on: trust a shared commitment to change a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</p>	<p>Assistant Director - Policy and Communications</p>	<ul style="list-style-type: none"> <li>• Partnership framework</li>   <li>• Partnership protocols</li> </ul>	<p>Housing's Tenant Challenge Panel (Scrutiny equivalent) has a clear set of Terms of Reference and Code of Conduct for Members.</p> <p>Draft partnership guidance/protocol has been developed and is currently out for consultation with SLT/CMT AND RELEVANT MANAGERS. This includes new</p>	<p>Yes</p>



			arrangements for considering partnership arrangements including concerns and resource requests at Finance and Performance Board.	
<p><b>Engaging stakeholders effectively, including individual citizens and service users</b></p> <p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p>	Assistant Director - Policy and Communications	<ul style="list-style-type: none"> <li>Record of public consultations</li> <li>Partnership framework</li> </ul>	<p>Communications and Engagement Strategy including an annual action plan.</p> <p>Consideration in decision reports</p> <p>Equality impact assessments</p>	Yes
Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	Assistant Director – Policy and Communications	Communications strategy	<p>There is an approved communications and engagement strategy in place.</p> <p>Community Engagement Group</p>	Yes

			Derbyshire wide engagement group to share best practice and develop joint approaches where applicable	
Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	Assistant Director - Policy and Communications and Marketing Manager	<ul style="list-style-type: none"> <li>• Communications strategy</li> <li>• Joint strategic needs assessment</li> </ul>	<p>There is an approved Communication and Engagement Strategy in place including an annual action plan</p> <p>Annual Community Engagement Programme</p> <p>Housing operates a variety of ways for tenants to be involved and give their views e.g. focus groups/ formal meetings/ informal drop in's/ use of a consultation bus in the community. Stakeholder mapping. Bespoke communication consultation and</p>	Yes

			research plans developed.	
<p>Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account</p> <p>Page 155</p>	<p>Assistant Director - Policy and Communications Communications and Marketing Manager</p>	<p>Communications strategy</p>	<p>There is an approved Communication and Engagement Strategy in place.</p> <p>Community Engagement Group A consultation page is being developed on the website which brings together all consultation activities including “you said, we did” reports on what actions were taken following consultation.</p> <p>Part of decision making process – report template</p> <p>Equality Impact Assessments</p> <p>Results of consultation exercises are published e.g. employee survey .</p>	<p>Yes</p>

Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	Assistant Director - Policy and Communications	Processes for dealing with competing demands within the community, for example a consultation	Forms part of the decision making report template  Equality Impact Assessments	Yes
Taking account of the interests of future generations of tax payers and service users	SLT, CMT	<ul style="list-style-type: none"> <li>• Reports</li> <li>• Joint strategic needs assessment</li> </ul>	Annual State of the Borough Report and briefing notes on emerging issues.  Horizon scanning activity with Corporate Cabinet/SLT/CMT at development days Review of the Council Plan	Yes

<p><b>Principle C</b></p>	<p><b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p> <p>The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>			
<p><b>Defining outcomes</b></p> <p>Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions</p>	<p>Members, SLT,CMT</p>	<p>Vision used as a basis for corporate and service planning</p>	<p>There is a Council Plan that defines the Council’s vision and priorities. This sets the framework for all service plans. Progress against the Council Plan is reviewed on an annual basis.</p>	<p>Yes</p>
<p>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over</p>	<p>Assistant Director - Policy and communications</p>	<ul style="list-style-type: none"> <li>Community engagement and involvement</li> </ul>	<p>The Council Plan covers 4 years and covers what the Council aims to achieve and what that will mean for people</p>	<p>Yes</p>

the course of a year or longer		<ul style="list-style-type: none"> <li>• Corporate and service plans</li> <li>• Community strategy</li> </ul>	<p>Service Plans are renewed every year and are developed from the Council Plan</p> <p>Communications and Engagement Strategy</p> <p>State of the Borough Report</p>	
Delivering defined outcomes on a sustainable basis within the resources that will be available	SLT, CMT	Regular reports on progress	The Council Plan is aligned to the medium term financial plan and refreshed each year on the basis of the affordability of each of the priorities	Yes
Identifying and managing risks to the achievement of outcomes	SLT, CMT, Risk Management Group	<ul style="list-style-type: none"> <li>• Performance trends are established and reported upon</li> <li>• Risk management protocols</li> </ul>	The performance framework includes quarterly challenge at Finance and Performance Board and Overview and Performance Scrutiny. Annual performance report to Cabinet.	Yes

			<p>The risk management group meets on a quarterly basis and reviews the strategic risk register and the service risk registers on a rotational basis</p> <p>There is a risk management strategy in place</p>	
Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available	SLT, CMT	<ul style="list-style-type: none"> <li>• An agreed set of quality standard measures for each service element and included in service plans</li> <li>• Processes for dealing with competing demands within the community</li> </ul>	<p>Communications and Engagement strategy</p> <p>Service plans include performance targets</p> <p>Budgeting/service reviews/forward planning</p>	Yes

<p><b>Sustainable economic, social and environmental benefits</b></p> <p>Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision</p>	Members, SLT	<p>Capital investment is structured to achieve appropriate life spans and adaptability for future use or that resources (e.g. land) are spent on optimising social, economic and environmental wellbeing:</p> <ul style="list-style-type: none"> <li>• Capital programme</li>   <li>• Capital investment strategy</li> </ul>	<p>The Council's property portfolio is constantly under review, The aim is to sell a number of assets to release funds for capital projects.</p> <p>The capital programme is approved by Members each year. Officers have to submit capital bids</p> <p>There is a treasury management strategy that is reviewed and approved on an annual basis</p>	Yes
<p>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently</p>	Members, SLT, CMT	<ul style="list-style-type: none"> <li>• Discussion between members and officers on the</li> </ul>	<p>Meetings with Cabinet Member for Finance and Governance on constitution review and</p>	Yes



<p>where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</p>		<p>information needs of members to support decision making</p> <ul style="list-style-type: none"> <li>• Record of decision making and supporting materials</li> </ul>	<p>effective decision making. Scrutiny interest in these matters.</p> <p>HRA Business Plan Steering Group to lead on the development of the HRA Business Plan. Comprises of tenants, officers and elected members (scrutiny is part of this group)</p> <p>All committee meetings are minuted and the associated reports retained</p>	
<p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p>	<p>Assistant Director - Policy and Communications</p>	<ul style="list-style-type: none"> <li>• Record of decision making and supporting materials</li> <li>• Protocols for consultation</li> </ul>	<p>Communications and Engagement Strategy Annual action plans</p> <p>State of the Borough Report. Modgov system to access decision making papers and records.</p>	<p>Yes</p>

Ensuring fair access to services	Assistant Director - Policy and Communications	Protocols ensure fair access and statutory guidance is followed	<p>Communications and Engagement Strategy</p> <p>Consultation is part of The Council's Equality Impact Assessments. Equality, Diversity and Social Inclusion Policy, Strategy and action plan.</p>	Yes

<p><b>Principle D</b></p>	<p><b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.</p>			
<p><b>Determining interventions</b></p> <p>Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</p>	<p>SLT, CMT</p>	<p>Discussion between members and officers on the information needs of members to support decision making</p> <ul style="list-style-type: none"> <li>• Decision making protocols</li> <li>• Option appraisals</li> <li>• Agreement of information that will be provided and timescales</li> </ul>	<p>Member/officer decision making protocols in place</p> <p>All Committee reports contain various options and an officer recommendation</p> <p>All committee reports contain a risk analysis</p>	<p>Yes</p>

<p>Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</p>	<p>SLT, CMT</p>	<p>Financial strategy</p>	<p>There is a medium term financial strategy in place and a savings plan both of which are regularly reviewed.</p> <p>HRA Business Plan Steering Group has been fully involved in recommending financial savings to Cabinet in respect of HRA Business Plan.</p>	<p>Yes</p>
<p><b>Planning interventions</b> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p>	<p>SLT, CMT</p>	<p>Calendar of dates for developing and submitting plans and reports that are adhered to</p>	<p>Schedule of meetings in place Annual budgets and revised budgets Council Plan reviewed annually Forward Plan</p>	<p>Yes</p>
<p>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</p>	<p>Assistant Director - Policy and Communications</p>	<p>Communication strategy</p>	<p>The Council has adopted a Communications and Engagement Strategy and develops annual action plans. Core brief. Feedback given on</p>	<p>Yes</p>

			consultation via the CBC website, social media, public meetings, and Your Chesterfield/ Our Homes where appropriate	
<p>Considering and monitoring risks facing each partner when working collaboratively including shared risks</p>	<p>Assistant Director - Policy and Communications SLT, CMT</p>	<ul style="list-style-type: none"> <li>• Partnership framework</li> <li>• Risk management protocol</li> </ul>	<p>There is a risk management strategy in place that is refreshed every year</p>	<p>Yes</p>
<p>Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances</p>	<p>SLT, CMT</p>	<p>Planning protocols</p>	<p>Corporate Management Team managers are empowered to run their service flexibly to deliver the Council Plan priorities.</p> <p>Competency based Job Descriptions/Person Specifications for SLT/CMT increases flexibility and agility. This is being rolled out across the Council.</p>	<p>Yes</p>

			One Council: One Team is a core CBC value which is considered during all Performance Development Reviews.	
Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	SLT, CMT	KPIs have been established and approved for each service element and included in the service plan and are reported upon regularly	Service plans all contain performance indicators.  The performance framework includes quarterly challenge at Finance and Performance Board and Overview and Performance Scrutiny. Annual Performance report to Cabinet.	Yes
Ensuring capacity exists to generate the information required to review service quality regularly	SLT, CMT	Reports include detailed performance results and highlight areas where corrective action is necessary	The Policy and Communications Service has now been restructured with resources being identified to embed the framework. The performance	Yes

			framework includes quarterly challenge at Finance and Performance Board and Overview and Performance Scrutiny. Annual Performance report to Cabinet.	
Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan	Director of Finance and Resources/ Chief Accountant	Evidence that budgets, plans and objectives are aligned	Accountancy has regular budget meetings with service managers. Budgets prepared in liaison with service managers taking in to account service plans and savings targets	Yes
Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Director of Finance and Resources/ Chief Accountant	<ul style="list-style-type: none"> <li>• Budget guidance and protocols</li> <li>• Medium term financial plan</li> <li>• Corporate plans</li> </ul>	<p>Budget guidance protocols issued to all managers</p> <p>There is a medium term financial plan that is reported to Members</p> <p>There is a Finance and Performance Board that meets every fortnight</p>	Yes

<p><b>Optimising achievement of intended outcomes</b> Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</p>	Director of Finance and Resources/ Chief Accountant	<ul style="list-style-type: none"> <li>• Feedback surveys and exit/ decommissioning strategies</li> <li>• Changes as a result</li> </ul>	Service managers are involved in the budget and revised budget process and receive monthly budget information. The medium term financial plan incorporates budget savings targets etc.	Yes
<p>Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</p>	Director of Finance and Resources	Budgeting guidance and protocols	Budget guidance and protocols are issued to all service managers. Well established budget preparation and review procedures Budget challenge sessions	Yes
<p>Ensuring the medium term financial strategy sets the context for on-going decisions on significant delivery issues or responses to changes in</p>	Director of Finance and Resources	Financial strategy	The financial strategy is regularly reviewed and updated as new external information emerges	Yes



<p>the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</p>				
<p>Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes"</p>	<p>SLT,CMT</p>	<ul style="list-style-type: none"> <li>• Service plans demonstrate consideration of 'social value'</li> <li>• Achievement of 'social value' is monitored and reported upon</li> </ul>	<p>The priorities in the Council plan are</p> <ol style="list-style-type: none"> <li>1) To make Chesterfield a thriving Borough</li> <li>2) To improve the quality of life for local people</li> <li>3) To provide value for money services</li> </ol> <p>Service plans are built up to reflect these priorities</p>	<p>Yes</p>

<p><b>Principle E</b></p>	<p><b>Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b></p> <p>Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>			
<p><b>Developing the entity’s capacity</b></p> <p>Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness</p>	<p>Executive Director/Kier</p>	<p>Regular reviews of activities, outputs and planned outcomes</p>	<p>The use of the Council’s buildings is regularly reviewed to ensure that they are fully utilised or potentially sold. The Town Hall is being modernised to facilitate bringing in other businesses to share the accommodation. Council staff from Venture house are being relocated so that more rental income can be achieved at Venture</p>	<p>Part compliance – Condition surveys have been used to identify the capital and revenue budgets for some non- housing properties, the next set of properties is now being worked upon</p>

			<p>House.</p> <p>Housing has an agreed process for disposing of underperforming assets. Disposal of shops, miscellaneous properties and plot garage sites.</p> <p>The condition of the Council's non housing properties are in the process of being assessed in order to be able to identify appropriate capital and revenue budgets to maintain assets to an appropriate standard.</p>	
Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved	SLT, CMT	Utilisation of research and benchmarking exercise	Within each service area use is made of available benchmarking e.g. through APSE, in order to compare service provision, value for money etc. Fees and charges are set with	Yes

effectively and efficiently			<p>regard to those in place in other areas and reviewed each year by Cabinet.</p> <p>Sector led improvement activity including LGA peer challenge, East Midlands Performance Network and APSE.</p>	
<p>Recognising the benefits of partnerships and collaborative working where added value can be achieved</p> <p>Page 172</p>	Members, SLT, CMT	Effective operation of partnerships which deliver agreed outcomes	The Council has many partnerships including Arvato, Kier, Internal Audit Consortium, Building Control, Joint Crematorium, Sheffield City Region and these are monitored to ensure that the desired outcomes are obtained	Yes
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	SLT, HR	<ul style="list-style-type: none"> <li>• Workforce plan</li> <li>• Organisational development plan</li> </ul>	The Council has a workforce Strategy and plan that all managers have been made aware of. The plan was revised during 2017/18 to ensure focus and a realistic set	Yes

			of deliverables. A new staff group has been set up to help deliver this.	
<p><b>Developing the capability of the entity's leadership and other individuals</b></p> <p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p>	SLT, Democratic Services, Monitoring Officer	<ul style="list-style-type: none"> <li>• Job descriptions</li> <li>• Chief executive and leader pairings have considered how best to establish and maintain effective communication</li> </ul>	<p>Every post has a job description and person specification.</p> <p>The CE has regular meetings with the leader</p>	Yes
<p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p>	Monitoring Officer	<ul style="list-style-type: none"> <li>• Scheme of delegation reviewed at least annually in the light of legal and organisational changes</li> <li>• Standing orders and financial regulations</li> </ul>	<p>The Constitution is reviewed on an on-going basis</p> <p>Standing orders and financial regulations are reviewed periodically</p>	Yes

		which are reviewed on a regular basis		
Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	Members, CE	Clear statement of respective roles and responsibilities and how they will be put into practice	The Constitution defines the roles of Committees and Members. Part 2 of the Constitution defines management roles at paragraph 12.1 including the role of the Chief Executive.	Yes
Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political	SLT, CMT, HR	<ul style="list-style-type: none"> <li>• Induction programme</li> <li>• Personal development plans for members and officers</li> </ul>	Training programme for managers – management modules on Aspire Learning Annual performance development reviews that identify training requirements Induction programme	Yes

<p>and environmental changes and risks by:</p> <p>-ensuring members and staff have access to appropriate induction tailored to their role and that on-going training and development matching individual and organisational requirements is available and encouraged</p> <p>ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</p> <p>ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses</p>		<p>For example, for members this may include the ability to:</p> <ul style="list-style-type: none"> <li>• scrutinise and challenge</li> <li>• recognise when outside expert advice is required</li> <li>• promote trust</li> <li>• work in partnership</li> <li>• lead the organisation</li> <li>• act as a community leader</li> <li>• Efficient systems and technology used for effective support</li> </ul> <p>Arrangements for succession planning</p>	<p>IIP accreditation</p> <p>Cabinet members and senior management hold regular away days to foster a collaborative working relationship.</p> <p>All members undergo induction training, and this is supplemented by specific training on e.g. planning, licensing, standards. Officers undergo relevant CPD to ensure their professional skills and knowledge maintained and updated.</p> <p>Workforce Planning Strategy</p>	
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both internal and external				
Ensuring that there are structures in place to encourage public participation	Assistant Director - Policy and Communications	<ul style="list-style-type: none"> <li>Residents' panels</li> <li>Stakeholder forum terms of reference</li> <li>Strategic partnership frameworks</li> </ul>	<p>Communications and Engagement Strategy</p> <p>Annual Community Engagement Programme</p> <p>Stakeholder mapping</p> <p>Bespoke communication consultation and research plans</p>	Yes
Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	Democratic Services / Monitoring Officer	<ul style="list-style-type: none"> <li>Reviewing individual member performance on a regular basis taking account of their attendance and considering any training or development needs</li> </ul>	<p>Member development Group includes learning and development programme</p> <p>Investors in people</p> <p>Employee survey Core brief</p>	Yes



		<ul style="list-style-type: none"> <li>• Peer reviews</li> </ul>		
<p>Holding staff to account through regular performance reviews which take account of training or development needs</p>	SLT, CMT	<ul style="list-style-type: none"> <li>• Training and development plan</li> <li>• Staff development plans linked to appraisals</li> <li>• Implementing appropriate human resource policies and ensuring that they are working effectively</li> </ul>	<p>Annual PDRs and regular 1:1's. The PDR contains Objectives and Learning Plan that is completed.</p> <p>Learning and Development undertaken in the previous year is also reviewed.</p> <p>There are appropriate human resources policies in place.</p>	Yes
<p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing</p>	HR/Health and Safety	Human resource / Health and Safety policies	<p>Managing workplace Stress policy</p> <p>Capability Policy</p> <p>Managing attendance Policy</p> <p>Mental Health awareness training day for managers.</p> <p>Training on various topics available on</p>	Part – A number of health and safety policies are out of date. See AGS action plan

			<p>Aspire Learning. OH clinics on a monthly basis. However, there are a number of health and safety policies that are out of date and require review. There is a health and safety recovery plan in operation.</p>	
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<p><b>Principle F</b></p>	<p><b>Managing risks and performance through robust internal control and strong public financial management</b></p> <p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.</p> <p>It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>			
<p><b>Managing risk</b> Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</p>	<p>Members, SLT, CMT</p>	<p>Risk management protocol</p>	<p>There is a risk management strategy in place that is reviewed every year. All committee reports include a risk section</p>	<p>Yes</p>
<p>Implementing robust and integrated risk management arrangements and ensuring that they are working</p>	<p>Director of Finance and Resources</p>	<p>Risk management strategy/ policy formally approved and adopted and reviewed</p>	<p>There is a risk management strategy in place that is reviewed every year.</p>	<p>Yes</p>

effectively		and updated on a regular basis	There is a Corporate risk register and service risk registers There is a risk management Group that meets on a quarterly basis.	
Ensuring that responsibilities for managing individual risks are clearly allocated	Risk Management Group, SLT, CMT	Risk management protocol	The risk management strategy outlines everybody's responsibilities	Yes
<b>Managing performance</b> Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	SLT, CMT	<ul style="list-style-type: none"> <li>• Performance map showing all key activities have performance measures</li> <li>• Benchmarking information</li> <li>• Cost performance (using inputs and outputs)</li> <li>• Calendar of dates for submitting, publishing and</li> </ul>	All areas have a service plan and performance measures form part of that.  Financial Planning Group receives regular reports from each service to track delivery against financial targets.  Performance Management Framework with quarterly reporting schedule.	Yes

		distributing timely reports that are adhered to		
Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and Outlook	Member, SLT, CMT	<ul style="list-style-type: none"> <li>• Discussion between members and officers on the information needs of members to support decision making</li> <li>• Publication of agendas and minutes of meetings</li> <li>• Agreement on the information that will be needed and timescales</li> </ul>	<p>All committee reports have a section for risk that officers must complete for Members information.</p> <p>All agendas and minutes are published</p> <p>Agreed between Members and Officers</p>	Yes
Ensuring an effective scrutiny or oversight function is in place which encourages	Monitoring Officer, Assistant Director - Policy	<ul style="list-style-type: none"> <li>• The role and responsibility for scrutiny has</li> </ul>	Scrutiny Roles and Responsibilities are defined in the	Yes

<p>constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</p> <p>(OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</p>	<p>and Communications Democratic and Scrutiny Officer.</p>	<p>been established and is clear</p> <ul style="list-style-type: none"> <li>• Agenda and minutes of scrutiny meetings</li> <li>• Evidence of improvements as a result of scrutiny</li> <li>• Terms of reference</li> <li>• Training for members</li> <li>• Membership</li> </ul>	<p>Constitution. There are 3 scrutiny committees:-</p> <ul style="list-style-type: none"> <li>• Enterprise and Wellbeing,</li> <li>• Community, Customer and Organisational</li> <li>• Overview and Performance</li> </ul> <p>Their role is to produce reports and recommendations which advise Cabinet, the Council or relevant Committees on Policies, budget and service delivery.</p>	
<p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	<p>CMT</p>	<p>Calendar of dates for submitting, publishing and distributing timely reports that are adhered to</p>	<p>A full Committee calendar is published at the start of each financial year</p>	<p>Yes</p>

<p>Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg. financial statements )</p>	<p>Director of Finance and Resources</p>	<ul style="list-style-type: none"> <li>• Financial standards, guidance</li> <li>• Financial regulations and standing orders</li> </ul>	<p>Financial Standards and guidance are adhered to. The accounts were audited by KPMG and Mazars from 2018/19. Financial Regulations and Standing orders are within the Constitution</p>	<p>Yes</p>
<p><b>Robust internal control</b> Aligning the risk management strategy and policies on internal control with achieving the objectives</p>	<p>Internal Audit Consortium Manager</p>	<ul style="list-style-type: none"> <li>• Risk management strategy</li> <li>• Audit plan</li> <li>• Audit reports</li> </ul>	<p>The audit plan takes in to account high risk areas and areas that are included in the corporate and service risk registers</p>	<p>Yes</p>
<p>Evaluating and monitoring the authority's risk management and internal control on a regular basis</p>	<p>Standards and Audit Committee, Internal Audit Consortium Manager</p>	<p>Risk management strategy/ policy has been formally approved and adopted and is reviewed and updated on a regular basis</p>	<p>The risk management Strategy is formally reviewed and approved every year by Standards and Audit Committee and Cabinet Internal Audit review the Council's risk management</p>	<p>Yes</p>

			arrangements	
Ensuring effective counter fraud and anti-corruption arrangements are in place	SLT	Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)	There is an anti-fraud Bribery and Corruption policy in place (revised September 2018). All managers received fraud awareness training in September 2016	Yes
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Director of Finance and Resources, Standards and Audit Committee	<ul style="list-style-type: none"> <li>• Annual governance statement</li> <li>• Effective internal audit service is resourced and maintained</li> </ul>	The Internal Audit Consortium Manager is heavily involved in producing the AGS. The IAC is resourced and maintained at a satisfactory level. An external review of internal audit took place in October 2016 and concluded that the IA Consortium was compliant with the PSIAS.	Yes



<p>Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon</p>	<p>Standards and Audit Committee</p>	<p>Audit committee complies with best practice. See Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013)</p> <ul style="list-style-type: none"> <li>• Terms of reference</li> <li>• Membership</li> <li>• Training</li> </ul>	<p>The audit committee terms of reference are defined in the constitution. The Committee consists of 7 members – 5 Councillors other than the Executive leader. No more than one of those 5 councillors may be a member of the Cabinet. Two parish reps one from Staveley Town Council and one member of Brimington PC</p> <p>Standards and Audit Committee members received relevant training after appointment in May 16 and new appointees receive relevant training. The Standards and Audit Committee undertook a self -assessment on the CIPFA audit committees</p>	<p>Yes</p>
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			Practical Guidance for Local Authorities and Police 2018 edition and concluded that the Committee complies with best practice.	
<p><b>Managing data</b> Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</p>	<p>Customers, Commissioning and Change Manager</p>	<ul style="list-style-type: none"> <li>• Data management framework and procedures</li> <li>• Designated data protection officer</li> <li>• Data protection policies and procedures</li> </ul>	<p>There is a data disposal and retention schedule covering all areas of the Council.</p> <p>There is a data asset register</p> <p>There is a designated Data Protection Officer</p> <p>The Council's IT and Data Protection Policies have recently been refreshed</p> <p>The GDPR action plan has been completed. The Council has an information assurance risk register in place which details the</p>	<p>Yes</p>

			mitigating actions and steps we are taking to address issues identified and this is being monitored quarterly via CMT/SLT	
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Customers, Commissioning and Change Manager	<ul style="list-style-type: none"> <li>• Data sharing agreement</li> <li>• Data sharing register</li> <li>• Data processing agreements</li> </ul>	Data sharing agreements have been reviewed and updated where appropriate for GDPR. Processes are in place preventing new contracts being taken out without the appropriate data sharing agreement in place or approval to progress has been provided by the Council's SIRO.	Yes
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Assistant Director - Policy and communications, Executive Director	<ul style="list-style-type: none"> <li>• Data quality procedures and reports</li> <li>• Data validation procedures</li> </ul>	Methodology checks for data e.g. consultation activity, State of the Borough report  Performance Management Framework	Yes

			Service plans are in place.	
<p><b>Strong public financial management</b> Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</p>	Director of Finance and Resources	Financial management supports the delivery of services and transformational change as well as securing good stewardship	Medium term financial plan Finance and Performance Board Reporting to Members	Yes
<p>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</p>	Director of Finance and Resources	Budget monitoring reports	Managers receive monthly budget monitoring reports Regular reporting to Members Quarterly budget meetings with CMT Managers. Finance and Performance Board Savings Strategy	Yes

<p><b>Principle G</b></p>	<p><b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>			
<p><b>Implementing good practice in transparency</b></p> <p>Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	<p>SLT, CMT</p>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Annual report</li> </ul>	<p>There is an approved Communications and Engagement strategy</p> <p>The website has been developed</p> <p>The council newspaper “Your Chesterfield” which incorporates Our Homes for council tenants is sent out 4 times a year</p> <p>There is no specific annual report but achievements against priorities are communicated to the public through the media, council website and various social media channels.</p>	<p>Yes</p>

			<p>Social media is used to report on council meetings in live time.</p> <p>The style of committee reports is specified to ensure ease of reading and consistency</p>	
<p><b>Implementing good practices in reporting</b> Reporting at least annually on performance, value for money and the stewardship of its resources</p>	SLT	<ul style="list-style-type: none"> <li>• Formal annual report which includes key points raised by external scrutineers and service users' feedback on service delivery</li> <li>• Annual financial statements</li> </ul>	<p>The annual update on the council plan includes a section on performance in the previous year</p> <p>The annual financial statement for 2017/18 were signed off by the required date</p>	Yes
<p>Ensuring members and senior management own the results</p>	Members, SLT	Appropriate approvals	<p>The Corporate Management Team are all involved in monitoring progress against the council plan which is reported to members</p>	Yes

<p>Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)</p>	<p>SLT, CMT, Internal Audit Consortium Manager</p>	<p>Annual governance statement</p>	<p>The annual governance statement is produced via a robust process that involves all of the Corporate Management Team. Attainment against the framework is assessed. Each year an action plan is produced and monitored to address identified weaknesses</p>	<p>Yes</p>
<p>Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate</p>	<p>SLT</p>	<p>Annual governance statement</p>	<p>The framework applies to jointly managed and shared service organisations</p>	<p>Yes</p>
<p>Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations</p>	<p>Director of Finance and Resources</p>	<p>Format follows best practice</p>	<p>The financial statement are reviewed and signed off by external audit (KPMG) which confirms that they comply with best practice.</p>	<p>Yes</p>

<p><b>Assurance and effective accountability</b>  Ensuring that recommendations for corrective action made by external audit are acted upon  Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon</p>	<p>Director of Finance and Resources</p>	<ul style="list-style-type: none"> <li>• Recommendations have informed positive improvement</li> <li>• Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010)</li> <li>• Compliance with Public Sector Internal Audit Standards</li> </ul>	<p>An action plan is put in place to implement external audits recommendations. The implementation of internal audit recommendations is monitored by CMT and the Standards and Audit Committee.  The Internal Audit Consortium Manager is CIPFA qualified and complies with the statement on the role of the Head of Internal Audit.  An external review in October 2016 confirmed that internal audit is compliant with PSIAS. An annual internal self-assessment of internal audit also confirms compliance.</p>	<p>Yes</p>
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<p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p>	<p>SLT</p>	<p>Recommendations have informed positive improvement</p>	<p>Achieved Investors in people silver status in 2018</p> <p>External review of Internal audit undertaken October 2016 – action plan in place</p> <p>The Council’s insurers Zurich have aided in putting effective risk management procedures in place</p> <p>Safeguarding – CBC is fully engaged with the Derbyshire Safeguarding boards including the district sub group which challenge and share best practice amongst district authorities.</p>	<p>Yes</p>
<p>Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in</p>	<p>SLT , Internal Audit Consortium Manager</p>	<p>Annual governance statement</p>	<p>Internal audit review the areas that are delivered by Arvato and Kier and any significant internal</p>	<p>Yes</p>

the annual governance statement			control weaknesses are fed through to the AGS	
Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	Assistant Director - Policy and Communications	Community strategy	Communications and Engagement Strategy  Decision making arrangements – committee management and Modgov.	Yes

SLT = Senior Leadership Team

CMT = Corporate Management Team

**CHESTERFIELD BOROUGH COUNCIL**

**KEY ELEMENTS OF THE SYSTEMS AND PROCESSES THAT COMPRISE THE COUNCIL'S GOVERNANCE ARRANGEMENTS 2018/19**

<b>Key Element</b>	<b>CBC Arrangement</b>
Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively	Codes of conduct for members and staff are included within the Constitution which is available to all staff on the intranet. Codes of conduct cover conflicts of interest. The Council has a Confidential Reporting (Whistle blowing) Policy which is held in the policies section on the intranet Councillors have training on standards generally and also specifically (relating to e.g. planning, licensing). Training is supplemented by updates and refresher sessions as well as advice as necessary. All staff and elected members receive a comprehensive induction which covers behaviour and ethical values.
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful	The Council has a properly resourced internal audit function and have an appointed monitoring officer and Section 151 officer.
Documenting a commitment to openness and acting in the public interest	Annual financial statements Council Plan The Council has adopted a current FOI Publication Scheme Compliance with the Transparency Agenda There are approved internal and external communication strategies in place There is a Community Engagement Strategy All decisions by Committees are minuted There is an HRA Business Plan Steering Group to lead on the development of the HRA Business Plan that comprises of tenants, officers and elected members.
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation	The Council Newspaper "Your Chesterfield" The Council website Social Media Channels Council Tax information is on the website

	<p>Current website full of information All reports are “open” agenda items unless there is a valid reason. Community Engagement Strategy. Feedback given on consultation through the website.</p> <p>An annual report to tenants is prepared and sent to the Housing Regulator (HCA), published on the website and a summary sent to all tenants at the end of September each year.</p> <p>Housing have a Customer Engagement Strategy as required by the HCA and provide a variety of opportunities for tenants to be involved in and shape service delivery e.g. focus groups/formal meetings/informal drop ins/ use of a consultation bus in the community.</p>
Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning	<p>The council has a Council Plan 2015 – 19 which specifies the Council’s vision, priorities and values. This document details the aims of the council and sets the framework for all service plans. The Council Plan is aligned to the medium term financial plan and refreshed each year on the basis of the affordability of each of the priorities.</p> <p>One Council : One Team is a core CBC value which is considered during all employee Performance Development reviews.</p>
Translating the vision into courses of action for the authority, its partnerships and collaborations	<p>The “vision” / Council Plan is fed in to service plans which include service objectives and performance indicators which all tie back to the Council’s Plan</p>
Reviewing the effectiveness of the decision making in partnerships, information provided to decision makers and robustness of data quality	<p>Draft partnership guidance/protocol has been developed and is currently out for consultation with SLT/CMT and relevant managers. This includes new arrangements for considering partnership arrangements including concerns and resource requests at Finance and Performance Board. New arrangements will be in place for 2019/20.</p>
Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money	<p>Vast improvement for 2018/19 with 6/7 service plans being received. Plans include improvements to performance indicators and projects which has supported increased information and challenge via Finance and Performance Board and Scrutiny. Further improvements planned to coincide with</p>

	new Council Plan and Performance Management Framework 2019 – 2023.
Defining and documenting the roles and responsibilities of members and management with clear protocols for effective communication in respect of the authority and partnership arrangements	The roles of members and management are documented within the Constitution. All managers have job descriptions.
Ensuring that financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government (2015) and where they do not, explain why and how they deliver the same impact	The Council has in place an experienced qualified accountant as Chief Financial Officer and complies with the requirements of the CIPFA statement on the Role of the Chief Financial Officer. There is also a very experienced and qualified Chief Accountant in post.
Ensuring effective arrangements are in place for the discharge of the monitoring officer function	The Council has an experienced Monitoring Officer and Deputy in place
Ensuring effective arrangements are in place for the discharge of the head of paid service function	The Chief Executive is the Head of Paid service
Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training	All Members undergo induction training and this is supplemented by specific training on e.g. planning, licensing, standards.  All officers have an induction and undergo relevant CPD to ensure that their professional skills and knowledge are maintained and updated. Training needs are identified at Performance Development Reviews and feed through in to a learning and development plan.
Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability	There is a risk management Group in place, membership is made up of senior officers from every area of the Council and the Member for Governance. The Group regularly review the strategic and operational Risk registers. Internal audit undertake regular reviews of the risk management process.
Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014)	The Council has an anti-fraud, bribery and corruption policy and a confidential reporting Code. CIPFA's fraud checklist has been completed and the results reported to the Standards and Audit Committee. Fraud awareness training has been provided to all service managers in September 2016. The Council has a fraud risk register

<p>Ensuring an effective scrutiny function is in place</p>	<p>There are 3 Scrutiny Committees  Overview and Performance Scrutiny Forum  Enterprise and Wellbeing Scrutiny Committee  Community, Customer and Organisational Scrutiny Committee</p> <p>An annual Scrutiny report goes to Full Council</p>
<p>Ensuring that assurance arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact</p>	<p>The Council is compliant with the CIPFA statement on the Role of Head of Internal Audit. The Internal Audit Consortium Manager is CIPFA qualified and there are sufficient resources to deliver the risk based audit plan.</p>
<p>Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013)</p>	<p>The Standards and Audit Committee's terms of reference are included within the Constitution.  The Standards and Audit Committee undertook a self- assessment of their role against CIPFA's Practical Guidance for Local Authorities and Police 2018 Edition in July 2018. The Committee were found to be compliant.</p>
<p>Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.</p>	<p>The 2017/18 final accounts were signed off in a timely manner. External audit recommendations are properly considered and acted upon.</p>
<p>Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.</p>	<p>Core partnerships are supported by Service Level Agreements and are monitored accordingly by the Council's Client Officer, Joint Board etc.  Housing's Tenant Challenge panel has a clear set of Terms of Reference and Code of Conduct for Members.</p>

### CHESTERFIELD BOROUGH COUNCIL

#### ANNUAL GOVERNANCE STATEMENT 2018/19

##### **Scope of Responsibility**

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

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

Chesterfield Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government Framework 2016 edition*. This Statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

##### **The purpose of the governance framework**

The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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

The governance framework has been in place at the Council for the year ended 31<sup>st</sup> March 2019 and up to the date of approval of the statement of accounts.

## The governance framework

The key elements of the systems and processes that comprise the Council's governance framework are as follows:-

The Council's vision is "Putting our communities first". Chesterfield Borough Council identifies and communicates the authority's vision of its purpose and intended outcomes for citizens and service users via its Council Plan and Vision statement. The Council Plan consists of 3 priorities:-

- To make Chesterfield a thriving borough
- To improve the quality of life for local people
- To provide value for money services

The Council's values reflect the way the council wants to achieve its vision, these are:-

**Customer focused:** delivering great customer service, meeting customer needs

**Can do:** striving to make a difference by adopting a positive attitude

**One council, one team:** proud of what we do, working together for the greater good

**Honesty and respect:** embracing diversity and treating everyone fairly

The Council Plan is cascaded down through, managers, meetings, service plans, team plans, budgets, the medium term financial plan and employee performance development reviews. This flow ensures that resources are utilised for the achievement of the Council Plan and vision.

The Council works with a number of partnerships to deliver its aims. Where the Council has entered into partnership arrangements it seeks to ensure that these promote the Council's vision of its purpose and intended outcomes for citizens and service users and that they are subject to appropriate governance and performance management arrangements. Two of the Council's significant partnerships are Sheffield City Region Combined Authority and the Local Enterprise Partnership for Derbyshire and Nottinghamshire for which there are inter authority agreements in place.

The best use of resources and value for money are obtained by scrutiny reports and reviews, reviewing service performance, benchmarking and monitoring budgets.

Chesterfield Borough Council has a formal Constitution in place that sets out how it operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. In addition, the Constitution sets out the roles and responsibilities of Members and Senior Managers.

The Cabinet is the part of the authority which is responsible for most day to day decisions. The overview and scrutiny committees support the work of the Council by



scrutinising the decisions made. The Standards and Audit Committee are responsible for maintaining and promoting high standards of conduct and for considering the effectiveness of the Council's risk management arrangements and the control environment. The Committee also reviews reports from internal and external audit and other inspection agencies and seeks assurance that action has been taken where necessary.

Formal Codes of Conduct are in place for Members and Officers and are available on the intranet and form part of induction procedures. To further enhance these high standards the Council has in place a comments, complaints and compliments procedure, a Customer Services Charter, an Anti- Fraud, Bribery and Corruption policy and a Confidential Reporting (whistle blowing) Code.

In order to ensure compliance with relevant laws and regulations, internal policies and procedures Chesterfield Borough Council has a comprehensive induction package and provides training for staff and Members on a regular basis. The Constitution is underpinned by legal references. Training needs are identified through Member and employee performance and development reviews and continuous professional development is encouraged. In 2017 the Council introduced an online learning tool that records all training and includes a comprehensive bank of training modules. Policies are readily available on the intranet to view.

Chesterfield Borough Council has a risk management strategy, a risk management group and risk is considered as part of all Cabinet reports. The corporate risk register and service risk registers are regularly reviewed and appropriate training is provided.

An ICT review has been completed and an improvement programme developed that sets the strategic direction for ICT and digital service redesign. Councillors have approved a £9.7 million nine year programme of ICT improvements. The programme is transformational and will significantly strengthen the Council's ICT service provision, resilience and information security.

The ICT and HR services have transferred to in house delivery and this is to assist with the delivery of the IT improvement and digital innovation programme.

The GDPR action plan has been implemented, ensuring the Council is able to comply with new regulations. An information assurance risk register is in place which details outstanding information assurance risks and the mitigating actions which are being undertaken by the council to reduce / remove risks

In June 2017 Building Control left the Council to become part of a limited company (The Derbyshire Building Control Partnership). There are a series of legal agreements that support the new company including a shareholder agreement and a service level agreement. A separate Board has been set up to govern the new company.

The Council is also increasing its income from commercial work. Any profit earned on the work is returned to the general fund.

The Chief Executive is the designated Head of Paid Service, with the statutory responsibility for the overall review of the Council's staffing and operation. The Chief Executive is monitored for performance in the delivery of political priorities which are in turn monitored and measured across all staff. The Council's Monitoring Officer attends Corporate Management team meetings and is suitably qualified.

The Chief Financial Officer is professionally qualified and experienced to undertake their roles and responsibilities and is supported by an experienced and appropriately qualified finance team. The Chief Financial Officer is a key member of the Corporate Management team and leads and directs a finance function that is fit for purpose. The Chief Financial Officer ensures compliance with S151 requirements. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

Internal Audit is provided on a Consortium basis for Bolsover District Council, North East Derbyshire District Council and Chesterfield Borough Council. The Internal Audit function operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and conforms to the requirements of the CIPFA statement on the Role of the Head of Internal Audit. The Internal Audit Consortium Manager is a senior manager, professionally qualified and leads an appropriately resourced and experienced audit team. The external review of internal audit confirmed that the team is compliant with the PSIAS.

Chesterfield Borough Council has a variety of means of communicating with all sections of the community and stakeholders including an internal and external Communication and Engagement Strategy, the Council's website, the publication of "Your Chesterfield" four times a year which includes "Our Homes" for tenants and leaseholders and an annual Community Engagement Programme.

### **Review of Effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Corporate Management Team within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Consortium Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The processes that have been applied in maintaining and reviewing the effectiveness of the governance framework include:

- Internal audit reviews of systems and procedures in accordance with the agreed internal audit plan
- Annual review of the Council's Code of Corporate Governance
- Assessment against the key elements of the governance framework
- Monitoring Officer reviews and monitors the operation of the Council's Constitution
- The Chief Executive, Executive Directors and Corporate Management Team monitoring the risks and the associated controls assigned to them
- The Chief Financial Officer (the Director of Finance and Resources) providing the Council and the Management team, with financial reports and financial advice covering the whole range of Council Activities
- Reviews by external agencies such as the Council's external auditor
- A review of the system of assurances/internal controls
- The Council's Standards and Audit Committee receives reports on the work of internal audit, including the annual report by the Internal Audit Consortium manager. The annual review of the Local Code of Corporate Governance is reported to both the Standards and Audit Committee and the Council's Cabinet.
- The Cabinet receives and considers reports on the outcome of reviews by the external auditor and other review agencies.
- The Standards and Audit Committee have undertaken a self- assessment against CIPFA standards and were found to be compliant.

It can be demonstrated that the Council's governance arrangements support the council's plan by the sheer volume of achievements. A few of these are:-

- Official opening of Brocklehurst Court following £1 million of refurbishment work. The old bedsits and one bedroomed flats have been converted to provide a mix of one and two bedroomed flats which have new kitchens and bathrooms, heating systems, windows and doors. A similar refurbishment project is now taking place at the Glebe in Old Whittington and at Catherine Court, Brampton.
- The Council was awarded the Investors in people Silver Award
- The Council has achieved the ICT outcomes which were set for delivery in 2018, namely improving theatre box office service levels, increasing skills and knowledge within ICT, increasing infrastructure resilience, achieving Cyber Essentials + and delivering the 1<sup>st</sup> end to end digital processes.
- The winding wheel has had a refurbishment that has seen a café bar area including a ticket collection point, created in the new foyer, new toilets installed and the auditorium and ballroom redecorated.
- The Town Hall refurbishment has progressed to provide opportunities for generating income from other public sector bodies who are interested in utilising space within the building. The Register office has now taken up occupation on the ground floor of the Town Hall and began delivering services to the public from November.
- Work is well underway to build the replacement 530 space Saltergate car park. The new car park should be ready to open in spring 2019.

- Work has been progressing on the former CO-OP store on Elderway with the new hotel set to open in April 2019.
- 32 key activities were identified for priority delivery during 2018/19 and the vast majority of these have been successfully delivered or strong progress made.

### **Internal Audit Opinion 2018/19**

The Internal Audit Consortium Manager is responsible for the delivery of an annual audit opinion that can be used by the council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2018/19.

Assurance can never be absolute. In this context "reasonable assurance" means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.

Overall, 19/24 (79%) of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.

There were 5 Limited Assurance reports issued during the year (Careline, OSD Property Safety Inspections, Outdoor facilities, Laptops and other Removable Media, Sickness Absence Management), where only limited assurance on the reliability of internal controls can be given. Management have agreed the recommendations made and have either implemented them or are actively working towards implementing them.

Previous areas of weakness identified such as Health and Safety, ICT and Procurement are being addressed through longer term improvement plans and programmes.

### **A Review of 2017/18 Governance Issues**

A mid - year review of progress against the 2017/18 AGS action plan was undertaken by the Corporate Management team and was reported to the Standards and Audit Committee. The action plan identified 9 areas for improvement. Positive progress has been made in every area. Where further action / monitoring is required these areas have been carried forward to the 2018/19 AGS action plan.

## Significant governance issues

Whilst there are many areas of the Governance Framework that are operating satisfactorily, the work of internal audit and discussions with the Corporate Management Team has identified that there are some areas where action can be taken to improve the governance arrangements in place. The significant issues are summarised below.

The following significant governance issues have been identified:

No.	Issue Identified	Action to address
1.	<p>Budget – many budget risks have been identified:-</p> <ul style="list-style-type: none"> <li>• Business rate pooling</li> <li>• Business rate appeals, valuation changes</li> <li>• New homes bonus allocations</li> <li>• ICT savings not being delivered</li> <li>• The outcome of the Governments Fair Funding and changes to business rate funding from 201/21 is still not clear</li> <li>• Wage and staffing cost pressures</li> <li>• Escalating energy prices and general cost inflation</li> <li>• Achieving income targets for rents, fees, charges and interest</li> <li>• Delivering required budget savings</li> <li>• Outcome of Brexit</li> <li>• Introduction of Universal Credit</li> </ul> <p>The Council is forecast to balance the General Fund for 2018/19 with a £161K surplus. The MTFP (5yr) from 2019/20 shows a £202k deficit rising to £1.3m by 2023/24. There is a requirement for £1m in IT transformation savings by 2023/24 otherwise the deficit will be £2.3m. The HRA has projected to have a £21m balance at the end of 2018/19.</p>	<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.</p> <p>This will be achieved through the established mechanisms for financial planning and reporting:</p> <ul style="list-style-type: none"> <li>• Finance and Performance 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>• Quarterly Assistant Director meetings with finance on budgets</li> <li>• Regular dialogue with the trade unions</li> </ul> <p>Further savings and income generation plans are ongoing.</p>

	Then the MTFP shows a closing balance of circa £7m per annum for the next 3 years.	
2	Non Housing Property Repairs – detailed condition surveys have been undertaken for 11 major assets and have been reviewed by Kier. A second tranche of 8 Council assets is currently being reviewed. Only large assets owned by the Council are being assessed. The risk to the Council is that a large number of assets will require substantial future property repairs spend which may not be budgeted for.	As the costs become clearer decisions will be required to rationalise poor quality assets, increase contribution to the property repairs fund or to borrow for major capital repairs.
3	Workforce Capacity and capability – Ongoing budget challenges and service demands mean that the Council will need continue to manage workforce capacity and capability. In 2018/19 both Executive Directors and the Assistant Director of Housing have left the Council leaving a capacity issue at SLT/CMT level.	The vacancies at SLT / CMT level have been advertised.  SLT and CMT will review the impact of new workloads and projects to determine priorities and direct resources. Vacancy control processes are in place, allowing the Council to review and determine whether vacancies should be filled. Individual performance, capacity and capability will continue to be closely monitored through the half yearly performance reviews and training and development plans are in place to address capability gaps. A 'people' plan, which is aligned to the workforce strategy is being developed and will be implemented in 2019/20.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Cabinet and the Standards and Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas identified for improvement form part of the 2018/19 Annual Governance Statement action plan.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:**

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H Bowen  
Chief Executive

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Councillor T Gilby  
Leader of Chesterfield Borough  
Council

**Date:**

**On behalf of Chesterfield Borough**

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## CHESTERFIELD BOROUGH COUNCIL – ANNUAL GOVERNANCE STATEMENT 2018/19 ACTION PLAN

	Governance Issue	Action Proposed				Annual Governance Statement	
		Description	By Date	Officer	Priority	Yes	No
Page 209	<p>1 Budget – many budget risks have been identified:-</p> <ul style="list-style-type: none"> <li>• Business rate pooling</li> <li>• Business rate appeals, valuation changes</li> <li>• New homes bonus allocations</li> <li>• ICT savings not being delivered</li> <li>• The outcome of the Governments Fair Funding and changes to business rate funding from 2020/21 is still not clear</li> <li>• Wage and staffing cost pressures</li> <li>• Escalating energy prices and general cost inflation</li> <li>• Achieving income targets for rents, fees, charges and interest</li> <li>• Delivering required budget savings</li> <li>• Outcome of Brexit</li> <li>• Introduction of Universal Credit</li> </ul> <p>The Council is forecast to balance the General Fund for 2018/19 with a £161K surplus. The MTFP (5yr) from 2019/20 shows a £202k deficit rising to £1.3m by 2023/24. There is a requirement for £1m in IT transformation savings by 2023/24 otherwise the deficit will be £2.3m. The HRA has projected to have a £21m balance at the end of 2018/19. Then the MTFP shows a closing balance of circa £7m per annum for the next 3 years.</p>	<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.</p> <p>This will be achieved through the established mechanisms for financial planning and reporting:</p> <ul style="list-style-type: none"> <li>• Finance and Performance 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>• Quarterly Assistant Director meetings with finance on budgets</li> <li>• CMT delivering savings and income growth</li> <li>• Regular dialogue with the trade unions</li> </ul> <p>Further savings and income generation plans are ongoing.</p>	Ongoing	Director of Finance and Resources / SLT / CMT	H	√	

	Governance Issue	Action Proposed				Annual Governance Statement	
		Description	By Date	Officer	Priority	Yes	No
2	Non Housing Property Repairs – detailed condition surveys have been undertaken for 11 major assets and have been reviewed by Kier. A second tranche of 8 Council assets is currently being reviewed. Only large assets owned by the Council are being assessed. The risk to the Council is that a large number of assets will require substantial future property repairs spend which may not be budgeted for.	As the costs become clearer decisions will be required to rationalise poor quality assets, increase contribution to the property repairs fund or to borrow for major capital repairs.	Ongoing	Director of Finance and Resources	H	√	

	Governance Issue	Action Proposed				Annual Governance Statement	
		Description	By Date	Officer	Priority	Yes	No
3	Workforce Capacity and capability – Ongoing budget challenges and service demands mean that the Council will need continue to manage workforce capacity and capability. In 2018/19 both Executive Directors and the Assistant Director of Housing have left the Council leaving a capacity issue at SLT/CMT level.	The vacancies at SLT / CMT level have been advertised. SLT and CMT will review the impact of new workloads and projects to determine priorities and direct resources. Vacancy control processes are in place, allowing the Council to review and determine whether vacancies should be filled. Individual performance, capacity and capability will continue to be closely monitored through the half yearly performance reviews and training and development plans are in place to address capability gaps. A ‘people’ plan, which is aligned to the workforce strategy is being developed and will be implemented in 2019/20.	Ongoing	SLT / CMT / HR	H	√	

	Governance Issue	Action Proposed				Annual Governance Statement	
		Description	By Date	Officer	Priority	Yes	No
4	ICT - A comprehensive ICT Improvement Plan has been approved and is now in its implementation stage. Until completion there is still the risk that the Council's IT systems are not fully fit for purpose or that the savings identified will not be achieved	The implementation of the approved IT Improvement Plan will be closely monitored and reported upon.	Ongoing	Assistant Director – Customers, Commissioning and Change	M		×
5	Health and Safety – A Health and Safety Recovery Plan has been developed and progress against this is being monitored on a regular basis. Until the recovery plan is fully implemented there remain risks to the Council.	Progress against the Health and Safety Recovery Plan will continue to be monitored by the Corporate Health and Safety Group and reported to the Health and Safety Committee.	Ongoing	Assistant Director – Health and Wellbeing	M		×

	Governance Issue	Action Proposed				Annual Governance Statement	
		Description	By Date	Officer	Priority	Yes	No
6	Procurement – There is a 3 year procurement plan in place to ensure that all of the Council’s processes are robust from start to finish and that value for money is being obtained. A lot more work is still required to ensure that the Council can demonstrate that the tendering and letting of contracts is in line with EU Regulations, Financial Regulations and Standing Orders.	The Council is looking to extend its procurement contract with the NHS for at least 2019/20. Other options will be explored in 2019 if the NHS contract does not offer VFM. Contract discussions are ongoing hopefully for completion in early 2019. The Council’s contract registers will be brought fully up to date in order that the Council is in a better position to understand its procurement requirements. Staff training and development will be further developed in 2019.	Ongoing	Director of Finance and Resources / Assistant Director – Customers, Commissioning and Change / CMT	M		×

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## **COMMITTEE ON STANDARDS IN PUBLIC LIFE REVIEW OF LOCAL GOVERNMENT ETHICAL STANDARDS**

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**MEETING:** (1) **STANDARDS AND AUDIT COMMITTEE**  
(2) **CABINET MEMBER FOR FINANCE AND GOVERNANCE**

**DATE:** (1) **24<sup>TH</sup> FEBRUARY 2019**  
(2) **tbc**

**REPORT BY:** **MONITORING OFFICER**

**WARD:** **ALL**

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FOR PUBLICATION

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### **1.0 PURPOSE OF REPORT**

- 1.1 To report to members the review by the Committee on Standards in Public Life (CSPL) on local government ethical standards.
- 1.2 To make recommendations for best practices changes to the Council's standards system.

### **2.0 RECOMMENDATION**

- 2.1 That the CSPL report be considered and
- 2.2 The council's performance against the CSPL proposals and suggested and recommended changes to the council's standards system at Appendix 2 are reviewed and supported.
- 2.3 The Members' Code of Conduct and the council's procedures for consideration of complaints against members be amended accordingly.

### **3.0 BACKGROUND**

- 3.1 The current standards system has been in place since changes were introduced by the coalition government in the Localism Act 2011. While simplifying the members' ethical standards system, dispensing with much bureaucracy, and closing the national body overseeing standards (Standards for England), after several years of operation there is a growing belief that the current system lacks teeth and consistency.
- 3.2 The annual report on standards to this committee in February referred to the recommendations of the CSPL review, published late January<sup>1</sup>. It was agreed that a further report be submitted to the committee on the review.

### **4.0 CSPL REVIEW**

#### *The Report*

- 4.1 The 110 page CSPL report was published on 21<sup>st</sup> January 2019. It made 15 best practice recommendations that local authorities should adopt and a further 26 recommendations for action by government or other organisations.

#### *Executive Summary*

- 4.2 While the complete report can be accessed online, the 3 page executive summary is attached at Appendix 1. The overriding message of the review is that high standards of conduct in local government are needed to protect the integrity of decision making, maintain public confidence and safeguard local democracy.
- 4.3 The report concludes that while the vast majority of councillors and officers maintain high standards of conduct, some councillors nationally do not behave properly, most of the cases relating to bullying, harassment or disruptive behavior. In some cases misconduct is persistent or repeated.

### **5.0 REVIEW THEMES**

The following is a summary of the main review findings.

#### *Code of conduct*

- 5.1 The review finds that the absence of a national model code weakens the standards system. The ability of each authority to adopt its own code leads to variation in quality and clarity of the codes, causing confusion in the public and in councillors who are members of several tiers of local authority.

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<sup>1</sup> <https://www.gov.uk/government/collections/local-government-ethical-standards>



5.2 Many codes fail to adequately address social media use and bullying and harassment. The review recommends an updated model code be made available, but which can be adapted by local authorities and reviewed annually. The scope of the code should be widened, with, for example, a rebuttable presumption that a councillor's public behavior is in their official capacity as a councillor. Currently only conduct as a councillor is covered by the code.

### *Interests*

5.3 The review recommends clarifying the system for declaring and managing interests, with the registration requirement to be expanded to include both pecuniary and non-pecuniary interests. An objective test should be adopted for identifying which interests should be declared.

### *Complaints and Investigations*

5.4 While monitoring officers filter and investigate complaints, every local authority should have a standards committee (not currently mandatory), to advise on standards issues, decide on alleged breaches and sanctions. They should also include independent members with ability to vote.

### *Independent Persons*

5.5 The current requirement for Independent Persons (IPs) to have a role in standards matters should be strengthened and clarified, with suspension of a councillor only possible if agreed by the IP. Their views should be published in any formal decision. However, they should only be appointed for 2 years, with only one extension of 2 years. They should have a legal indemnity for their advice, which when in the public interest, should be published.

### *Sanctions*

5.6 The type of sanction available should also be clarified, with the ability to suspend a councillor for up to 6 months without allowances. The lack of robust sanctions leaves little ways of enforcing sanctions or addressing serious misconduct. There should be an appeal against suspension to the Local Government Ombudsman whose decision will be binding. Annual statistics should be published.

5.7 While some authorities operate good party discipline, this is not universal and lacks independence and transparency. Non grouped councillors do not have a party structure to ensure discipline.

- 5.8 The current criminal offences relating to failure to properly register disclosable pecuniary interests are disproportionate and ineffective and should be abolished.

*Town and Parish Councils*

- 5.9 Principal authorities should continue to investigate alleged code breaches by parish councillors. This can be a disproportionate burden for some authorities with many parishes. Parishes should be required to adopt the principal authority's code and any decisions on standards should be binding on the parish. Monitoring Officers should be adequately resourced for this role and parish clerks should be appropriately qualified to uphold governance.

*Statutory Officers*

- 5.10 Employment protection for statutory officers should be extended to cover all types of disciplinary action (not just dismissal) and they should receive proper training on local authority governance.

*Commercial activity*

- 5.11 Potential conflicts of interest in commercial bodies set up by local authorities should be managed, especially if councillors sit on the bodies. They should be transparent and accountable to the council and public.

*Leadership and culture*

- 5.12 Ethical leadership is required from standards committee, the chief executive, political group leaders and the council chair. There are clear links between corporate failure and poor ethical standards.
- 5.13 Political groups have a clear role in maintaining standards, but it should not be a parallel system to the authority's standards process. They should set clear expectations of their members and senior officers should be able to maintain effective relationships with the groups, working informally to resolve standards issues where appropriate. Political disagreement will always exist, but it should be civil and constructive. Political groups should require their members attend conduct training.
- 5.14 An impartial Monitoring Officer, with the confidence of councillors with support of the chief executive, is essential.
- 5.15 A local authority's culture should be transparent and scrutiny should be welcomed. Decision making should be open.

## **6.0 COMMENTS ON THE RECOMMENDATIONS**

- 6.1 This council has been fortunate in that it decided to have a standards committee charged with responsibility for maintaining and improving standards. There have been only a few complaints that have progressed beyond assessment, and no code breach has been found. There are also only two parishes, so the parish related work generated in other districts is not replicated here.
- 6.2 The lack of a consistent national model code is a real shortcoming for authorities. The code adopted by many authorities has been difficult to interpret and apply. A strong and authoritative code with clear indications of expected behaviours is necessary, taking account of new directions in conduct (use of social media etc). More effective ways of assessing whether or not a councillor's conduct is in their official capacity, or is being used to benefit that, is needed.
- 6.3 While it is welcomed that a national body overseeing standards is not proposed to be introduced, Standards Board for England (Latterly Standards for England) did ensure that a consistent suite of guidance and case decisions was available to inform local decision making.
- 6.4 Strong party discipline has helped ensure a good ethical culture in Chesterfield, with the Monitoring Officer having a respectful relationship with members.
- 6.5 The Independent Person has been an effective way of getting an impartial view on allegations and provisional conclusions of the monitoring officer on complaints. However, it is not felt that a mere 2 + 2 year appointment is adequate in an authority with few complaints. At Chesterfield they are appointed for 4 years, with a potential for a further 4 years. This gives time to build up expertise and knowledge of the authority's working.
- 6.6 Similarly, the current lack of independent co-opted members on the standards committee under the current system has meant that all standards matters are formally considered only by councillors, without input from independent committee members who are able to view matters from the perspective of the public.
- 6.7 The role of the Local Government and Social Care Ombudsman (LGO) in appeals against the imposition of a sanction where there has been maladministration reinforces the complaint route that is already open to those dissatisfied with actions of the council, though the different roles of the LGO

would need to be clear. Currently those involved with the standards process can take their dissatisfaction through the council's complaints process and ultimately to the LGO if they wish.

- 6.8 Many of the best practice recommendations are either already in place at Chesterfield, or can be adopted with little change in practice.
- 6.9 Some of the proposals for action by government etc require primary legislation, though others could be introduced by the council. Clearly those requiring legislation require government time to consider the proposals and consultation on any draft legislation. It is not yet known how quickly this will occur.
- 6.10 Other comments and recommendations are included at Appendix 2.

## **7.0 CONCLUSIONS**

- 7.1 The CSPL report is welcomed. It is considered that Chesterfield fares well against the study of ethical standards across the country, and already has in place much of the best practice recommended or can introduce it relatively easily.
- 7.2 Appendix 2 Part 1 sets out the best value recommendations and Part 2 the recommendations for government and other bodies, together with suggestions and recommendations as to whether or not the proposals can or should be adopted at Chesterfield.

## **8.0 RECOMMENDATION**

- 8.1 That the CSPL report be considered
- 8.2 The council's performance against the CSPL proposals and suggested and recommended changes to the council's standards system at Appendix 2 are reviewed and supported.
- 8.3 The Members' Code of Conduct and the council's procedures for consideration of complaints against members be amended accordingly.

## **9.0 REASON FOR RECOMMENDATION**

- 8.1 To enable the Council to operate the ethical standards system effectively and as recommended by the Committee on Standards in Public Life in accordance with best practice and as required by the law.

GERARD ROGERS  
MONITORING OFFICER

Further information from Gerard Rogers, Monitoring Officer and Regulatory & Local Government Law Manager, Legal Services - Tel 345310 or [gerard.rogers@chesterfield.gov.uk](mailto:gerard.rogers@chesterfield.gov.uk)

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# **Local Government Ethical Standards**

**A Review by the  
Committee on  
Standards in Public Life**

**Committee on  
Standards in  
Public Life**





# Executive summary

Local government impacts the lives of citizens every day. Local authorities are responsible for a wide range of important services: social care, education, housing, planning and waste collection, as well as services such as licensing, registering births, marriages and deaths, and pest control. Their proximity to local people means that their decisions can directly affect citizens' quality of life.

High standards of conduct in local government are therefore needed to protect the integrity of decision-making, maintain public confidence, and safeguard local democracy.

Our evidence supports the view that the vast majority of councillors and officers maintain high standards of conduct. There is, however, clear evidence of misconduct by some councillors. The majority of these cases relate to bullying or harassment, or other disruptive behaviour. There is also evidence of persistent or repeated misconduct by a minority of councillors.

We are also concerned about a risk to standards under the current arrangements, as a result of the current rules around declaring interests, gifts and hospitality, and the increased complexity of local government decision-making.

Giving local authorities responsibility for ethical standards has a number of benefits. It allows for flexibility and the discretion to resolve standards issues informally. We have considered whether there is a need for a centralised body to govern and adjudicate on standards. We have concluded that whilst the consistency and independence of the system could be enhanced, there is no reason to reintroduce a centralised body, and that local

authorities should retain ultimate responsibility for implementing and applying the Seven Principles of Public Life in local government.

We have made a number of recommendations and identified best practice to improve ethical standards in local government. Our recommendations are made to government and to specific groups of public office-holders. We recommend a number of changes to primary legislation, which would be subject to Parliamentary timetabling; but also to secondary legislation and the Local Government Transparency Code, which we expect could be implemented more swiftly. Our best practice recommendations for local authorities should be considered a benchmark of good ethical practice, which we expect that all local authorities can and should implement. We will review the implementation of our best practice in 2020.

## Codes of conduct

Local authorities are currently required to have in place a code of conduct of their choosing which outlines the behaviour required of councillors. There is considerable variation in the length, quality and clarity of codes of conduct. This creates confusion among members of the public, and among councillors who represent more than one tier of local government. Many codes of conduct fail to address adequately important areas of behaviour such as social media use and bullying and harassment. An updated model code of conduct should therefore be available to local authorities in order to enhance the consistency and quality of local authority codes.





There are, however, benefits to local authorities being able to amend and have ownership of their own codes of conduct. The updated model code should therefore be voluntary and able to be adapted by local authorities. The scope of the code of conduct should also be widened, with a rebuttable presumption that a councillor's public behaviour, including comments made on publicly accessible social media, is in their official capacity.

### **Declaring and managing interests**

The current arrangements for declaring and managing interests are unclear, too narrow and do not meet the expectations of councillors or the public. The current requirements for registering interests should be updated to include categories of non-pecuniary interests. The current rules on declaring and managing interests should be repealed and replaced with an objective test, in line with the devolved standards bodies in Scotland, Wales and Northern Ireland.

### **Investigations and safeguards**

Monitoring Officers have responsibility for filtering complaints and undertaking investigations into alleged breaches of the code of conduct. A local authority should maintain a standards committee. This committee may advise on standards issues, decide on alleged breaches and sanctions, or a combination of these. Independent members of decision-making standards committees should be able to vote.

Any standards process needs to have safeguards in place to ensure that decisions are made fairly and impartially, and that councillors are protected against politically-motivated, malicious, or unfounded allegations of misconduct. The Independent Person is an important safeguard in the current system. This safeguard should be strengthened and clarified: a local authority should only be able to suspend a councillor where the Independent

Person agrees both that there has been a breach and that suspension is a proportionate sanction. Independent Persons should have fixed terms and legal protections. The view of the Independent Person in relation to a decision on which they are consulted should be published in any formal decision notice.

### **Sanctions**

The current sanctions available to local authorities are insufficient. Party discipline, whilst it has an important role to play in maintaining high standards, lacks the necessary independence and transparency to play the central role in a standards system. The current lack of robust sanctions damages public confidence in the standards system and leaves local authorities with no means of enforcing lower level sanctions, nor of addressing serious or repeated misconduct.

Local authorities should therefore be given the power to suspend councillors without allowances for up to six months. Councillors, including parish councillors, who are suspended should be given the right to appeal to the Local Government Ombudsman, who should be given the power to investigate allegations of code breaches on appeal. The decision of the Ombudsman should be binding.

The current criminal offences relating to Disclosable Pecuniary Interests are disproportionate in principle and ineffective in practice, and should be abolished.



## **Town and parish councils**

Principal authorities have responsibility for undertaking formal investigations of code breaches by parish councillors. This should remain the case. This responsibility, however, can be a disproportionate burden for principal authorities. Parish councils should be required to adopt the code of their principal authority (or the new model code), and a principal authority's decision on sanctions for a parish councillor should be binding. Monitoring Officers should be provided with adequate training, corporate support and resources to undertake their role in providing support on standards issues to parish councils, including in undertaking investigations and recommending sanctions. Clerks should also hold an appropriate qualification to support them to uphold governance within their parish council.

## **Supporting officers**

The Monitoring Officer is the lynchpin of the current standards arrangements. The role is challenging and broad, with a number of practical tensions and the potential for conflicts of interest. Local authorities should put in place arrangements to manage any potential conflicts. We have concluded, however, that the role is not unique in its tensions and can be made coherent and manageable with the support of other statutory officers. Employment protections for statutory officers should be extended, and statutory officers should be supported through training on local authority governance.

## **Councils' corporate arrangements**

At a time of rapid change in local government, decision-making in local councils is getting more complex, with increased commercial activity and partnership working. This complexity risks putting governance under strain. Local authorities setting up separate bodies risk a governance 'illusion', and should

take steps to prevent and manage potential conflicts of interest, particularly if councillors sit on these bodies. They should also ensure that these bodies are transparent and accountable to the council and to the public.

Our analysis of a number of high-profile cases of corporate failure in local government shows that standards risks, where they are not addressed, can become risks of corporate failure. This underlines the importance of establishing and maintaining an ethical culture.

## **Leadership and culture**

An ethical culture requires leadership. Given the multi-faceted nature of local government, leadership is needed from a range of individuals and groups: an authority's standards committee, the Chief Executive, political group leaders, and the chair of the council.

Political groups have an important role to play in maintaining an ethical culture. They should be seen as a semi-formal institution sitting between direct advice from officers and formal processes by the council, rather than a parallel system to the local authority's standards processes. Political groups should set clear expectations of behaviour by their members, and senior officers should maintain effective relationships with political groups, working with them informally to resolve standards issues where appropriate.

The aim of a standards system is ultimately to maintain an ethical culture and ethical practice. An ethical culture starts with tone. Whilst there will always be robust disagreement in a political arena, the tone of engagement should be civil and constructive. Expected standards of behaviour should be embedded through effective induction and ongoing training. Political groups should require their members to attend code of conduct training provided by a local authority, and this should also be



written into national party model group rules. Maintaining an ethical culture day-to-day relies on an impartial, objective Monitoring Officer who has the confidence of all councillors and who is professionally supported by the Chief Executive.

An ethical culture will be an open culture. Local authorities should welcome and foster opportunities for scrutiny, and see it as a way to improve decision making. They should not rely unduly on commercial confidentiality provisions, or circumvent open decision-making processes. Whilst local press can play an important role in scrutinising local government, openness must be facilitated by authorities' own processes and practices.

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## APPENDIX 2

### Part 1

#### CSPL Best Practice Recommendations

	<b>CSPL Best Practice Recommendations</b>	<b>CBC current position</b>	<b>R A G</b>	<b>Proposal</b>	<b>R A G</b>
<b>BP1</b>	Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.	Not in current code. Not currently an issue at CBC		<p>Could incorporate. Not currently an issue as there have not been significant allegations of this.</p> <p>Standards Committee Members would like definition of threshold for what amounts to a breach of the code</p>	
<b>BP2</b>	Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation, and prohibiting trivial or malicious	Not in current code. Not currently an issue at CBC		Requirement to cooperate: Could incorporate in the Code, though this has not been an issue in Chesterfield to date.	

	<b>CSPL Best Practice Recommendations</b>	<b>CBC current position</b>	<b>R A G</b>	<b>Proposal</b>	<b>R A G</b>
	allegations by councillors.			<p>Trivial and malicious allegations: It is not seen how the code can prevent this, other than by saying that to make such complaints would be a breach of the Code, however, assessment includes outcomes that could be used in these circumstances e.g. the Complaint should not be investigated because it is vexatious, malicious or obsessive.</p> <p>More explanation in the procedure or on website as to role of the council and assessor/investigator etc might aid clarity.</p>	
<b>BP3</b>	Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.	Not currently. Have been awaiting CSPL review		The CSPL review has been promised for several years and review of code postponed pending this. This recommendation seems to contradict the report's recommendation for a national code to achieve consistency	

	<b>CSPL Best Practice Recommendations</b>	<b>CBC current position</b>	<b>R A G</b>	<b>Proposal</b>	<b>R A G</b>
				across authorities. Local reviews would result in a divergence and multiplicity of codes over time, possibly diluting effectiveness and generate confusion again.	
<b>BP4</b>	An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.	While not on the home screen of the council's website, it can be reached quickly by searching on 'complain' or 'complaint' which takes one to a page with details of the code and the complaints process: <a href="https://www.chesterfield.gov.uk/your-council/the-council/your-councillors/complaints-about-members.aspx">https://www.chesterfield.gov.uk/your-council/the-council/your-councillors/complaints-about-members.aspx</a>		A copy of the Code and the complaints procedure could be deposited at the Customer Services Centre, or available to be printed off there.  There is a complaint or comment tab on the home page of the website which goes to a generic council complaint form: <a href="https://secure.chesterfield.gov.uk/forms/?contactus">https://secure.chesterfield.gov.uk/forms/?contactus</a> . While this could be used for a councillor complaint, a link to the additional information (left) has now been added.	
<b>BP5</b>	Local authorities should update their gifts and hospitality register at least	There is currently no legal requirement for members to		Democratic Services to remind members at least quarterly in the	

	<b>CSPL Best Practice Recommendations</b>	<b>CBC current position</b>	<b>R A G</b>	<b>Proposal</b>	<b>R A G</b>
	once per quarter, and publish it in an accessible format, such as CSV.	<p>update interests after election.</p> <p>This information is available on ModGov under each member's name, and members are reminded to update annually.</p> <p>Council also has voluntary registration below £50.  <a href="https://www.chesterfield.gov.uk/your-council/the-council/your-councillors/members-interests.aspx">https://www.chesterfield.gov.uk/your-council/the-council/your-councillors/members-interests.aspx</a></p>		<p>councillor e-newsletter.</p> <p>Little advantage in it being available as CSV, though consider making it available as a table showing all councillors (currently only accessible by individual councillor name)</p> <p>CSPL recommends to government requirement that G&amp;H totalling £100 over a year from a single source should also be registered. We could voluntarily adopt this.</p> <p><b>Recommendation:</b> that the Code of Conduct be amended to require gifts and hospitality totalling £100 over a year from a single source should be registered by members.</p>	
<b>BP6</b>	Councils should publish a clear and	Not currently. Cases assessed		The CSPL Report gives as an example of best practice the	



	<b>CSPL Best Practice Recommendations</b>	<b>CBC current position</b>	<b>R A G</b>	<b>Proposal</b>	<b>R A G</b>
	straightforward public interest test against which allegations are filtered.	on case by case basis.		<p>Northern Ireland Local Government Commissioner for Standards public interest test:</p> <p><b>1 ‘CAN’ we investigate your complaint?</b></p> <ul style="list-style-type: none"> <li>• Is the person you are complaining about a councillor?</li> <li>• Did the conduct occur within the last six months?</li> <li>• Is the conduct something that is covered by the code?</li> </ul> <p><b>2 ‘SHOULD’ we investigate your complaint?</b></p> <ul style="list-style-type: none"> <li>• Is there evidence which supports the complaint?</li> <li>• Is the conduct something which it is possible to investigate?</li> <li>• Would an investigation be proportionate and in the public interest?</li> </ul> <p><b><u>Recommendation:</u></b> that the councillor complaints procedure be amended to include this test or a similar public interest test.</p>	

	<b>CSPL Best Practice Recommendations</b>	<b>CBC current position</b>	<b>R A G</b>	<b>Proposal</b>	<b>R A G</b>
<b>BP7</b>	Local authorities should have access to at least two Independent Persons.	CBC has 3 IPs.  CSPL proposes 2 years maximum term, CBC currently allows 4 plus renewal. Two IPs were appointed at the end of 2018 for 4 years, the third IP's first term ends towards the end of 2019 and it is intended to ask if they want to continue for another term		No change currently necessary, but review if term is changed to 2 years.	
<b>BP8</b>	An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.	CBC does this. IP asked to give views at assessment stage and at hearing. A councillor may speak with an IP about a complaint.		No change necessary	
<b>BP9</b>	Where a local authority makes a decision on an allegation of	Where a breach is found the decision would be published		No change necessary	

	<b>CSPL Best Practice Recommendations</b>	<b>CBC current position</b>	<b>R A G</b>	<b>Proposal</b>	<b>R A G</b>
	misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.	<p>on the website. It would contain this level of detail.</p> <p>Where no breach found, the councillor decides whether or not there is publication.</p> <p>Elsewhere in the report the CSPL proposes that all decisions are published</p>			
<b>BP10</b>	A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.	CBC does this <a href="https://www.chesterfield.gov.uk/your-council/the-council/your-councillors/complaints-about-members.aspx">https://www.chesterfield.gov.uk/your-council/the-council/your-councillors/complaints-about-members.aspx</a>		No change necessary	
<b>BP11</b>	Formal standards complaints about the conduct of a parish councillor towards <i>[sic]</i> a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.	Not required at present. Difficult to see how this could be required, especially as it would mean that a complaint direct by a clerk would be usually then be rejected.		This would need to be adopted by the Town or Parish Council. Suggest liaison on this with the parish councils.	

	<b>CSPL Best Practice Recommendations</b>	<b>CBC current position</b>	<b>R A G</b>	<b>Proposal</b>	<b>R A G</b>
		Complaints by a clerk might be symptomatic of wider disfunction at a parish council			
<b>BP12</b>	Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.	The MO does this and it is usually not an unreasonable burden. Some local authorities have many parish councils and it can take much of a MOs time.		No change necessary	
<b>BP13</b>	A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.	This occurs in practice and the regulatory solicitors are alive to the risks and take appropriate steps, though there is no formal procedure.  Would ask a MO from a neighbouring authority is a conflict prevented MO, DMO and the regulatory solicitors		Could make this explicit.  Greater liaison with MOs of neighbouring authorities and MO networks.  Monitoring Officer could consider whether or not the investigator should be a solicitor and the solicitor attends instead as	

	<b>CSPL Best Practice Recommendations</b>	<b>CBC current position</b>	<b>R A G</b>	<b>Proposal</b>	<b>R A G</b>
		<p>from looking at a complaint.</p> <p>We have previously been asked to investigate complaints for other authorities under the former Code of Conduct. Reciprocal arrangements would be made again if necessary.</p> <p>While a councillor on one case has not understood role of investigator (suggested they were acting for the complainant), the greater issue is suspicion by the complainant that they will not get a fair hearing by committee due to political interests or that IPs may be biased.</p>		<p>advocate at hearing.</p> <p>Information on website on how conflicts by assessor, investigator, IP and committee are prevented. However, pressure to have an 'independent' examination should be considered on a case by case basis.</p>	
<b>BP14</b>	Councils should report on separate bodies they have set up or which they own as part of their annual	Not currently at CBC		Liaise with Internal Audit with a view to greater information in annual governance statement.	

	<b>CSPL Best Practice Recommendations</b>	<b>CBC current position</b>	<b>R A G</b>	<b>Proposal</b>	<b>R A G</b>
	governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place.			Less easy to legally require transparency	
<b>BP15</b>	Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.	Generally this is currently done on an ad hoc basis in view of low frequency of complaints		Explore ways of formalising this, though given low frequency of complaints at Chesterfield, these should remain ad hoc.	
	Green		9		12
	Yellow		5		3
	Red		1		0

## Part 2

### Recommendations to Government

	Recommendation	Responsible body	Comment	Voluntarily adopt?	R A G
<b>R1</b>	The Local Government Association should create an updated model code of conduct, in consultation with representative bodies of councillors and officers of all tiers of local government.	Local Government Association	The current code of conduct uses the 2012 LGA model code	N/A - Requires updated LGA model code.	
<b>R2</b>	The government should ensure that candidates standing for or accepting public offices are not required publicly to disclose their home address. The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 should be amended to clarify that a councillor does not need to register their home address on an authority's register of interests.	Government	Regulations in effect March 2019 for local elections. <sup>1</sup>  Home address are not published on register of interests in 'sensitive' cases. Members will be advised of the right to apply for this once elected. Government	In effect already  We must require addresses, unless deemed sensitive, until the law is changed.	

1

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/784214/Letter\\_from\\_the\\_Minister\\_for\\_Local\\_Government.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/784214/Letter_from_the_Minister_for_Local_Government.pdf)

	<b>Recommendation</b>	<b>Responsible body</b>	<b>Comment</b>	<b>Voluntarily adopt?</b>	<b>R A G</b>
			says:  <i>“The Government would encourage monitoring officers to look sympathetically at such requests where there are legitimate concerns of abuse or intimidation.”</i>		
<b>R3</b>	Councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly-accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.	Government	Requires a change in the law. Each case assessed on its merits currently.	No – needs change in law.	
<b>R4</b>	Section 27(2) of the Localism Act 2011 should be amended to state that a local authority’s code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member	Government	This is a provision akin to previous statutory model members’ codes, to cover the ‘do you know who I am...’ type situation.	No – needs change in law.	



	<b>Recommendation</b>	<b>Responsible body</b>	<b>Comment</b>	<b>Voluntarily adopt?</b>	<b>R A G</b>
	or as a representative of the local authority.				
<b>R5</b>	The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 should be amended to include: unpaid directorships; trusteeships; management roles in a charity or a body of a public nature; and membership of any organisations that seek to influence opinion or public policy.	Government	Requires legislation	No – needs change in law.	
<b>R6</b>	Local authorities should be required to establish a register of gifts and hospitality, with councillors required to record any gifts and hospitality received over a value of £50, or totalling £100 over a year from a single source. This requirement should be included in an updated model code of conduct.	Government	There is already a register for gifts and hospitality over £50, and a voluntary register for under £50. Gifts totalling £100 over a year could be included in our Code of Conduct prior to a model code.	Yes  <b><u>Recommendation:</u></b> That the Council's members' code of conduct is amended to include disclosure of gifts and hospitality totalling £100 over a year.	
<b>R7</b>	Section 31 of the Localism Act 2011 should be repealed, and replaced with a requirement that councils include in	Government	The effect of Section 31 is that where a member at a meeting is	Pending any legislation, this test could be included in member	

	<b>Recommendation</b>	<b>Responsible body</b>	<b>Comment</b>	<b>Voluntarily adopt?</b>	<b>R A G</b>
	their code of conduct that a councillor must not participate in a discussion or vote in a matter to be considered at a meeting if they have any interest, whether registered or not, “if a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your consideration or decision-making in relation to that matter”.		<p>aware they have a disclosable pecuniary interest in the matter they must declare that interest (if not already registered) (and notify the MO of the interest within 28 days) and must not participate (further) in any discussion or vote on the matter. Local rules can also require a member leave the room.</p> <p>This reverts to a test applied under the previous members’ conduct regime. The test is akin to the common law test for bias.</p>	<p>training.</p> <p><b><u>Recommendation:</u></b> That members be advised in training and guidance that they should not participate in a discussion or vote in a matter to be considered at a meeting if they have any interest, whether registered or not, if a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice their consideration or decision-making in relation to that matter.</p>	
<b>R8</b>	The Localism Act 2011 should be amended to require that Independent Persons are appointed for a fixed term	Government	We currently appoint IPs for 4 years, with ability to renew for a further 4.	Not deemed appropriate unless there is a change in the law.	

	Recommendation	Responsible body	Comment	Voluntarily adopt?	R A G
	of two years, renewable once.		In an authority with 3 IPs and relatively few complaints, a term of 2 years + 2 would mean that an IP would have less opportunity to build skills and experience. It is suggested that the council makes representations in the event that there is government consultation on this provision.		
<b>R9</b>	The Local Government Transparency Code should be updated to provide that the view of the Independent Person in relation to a decision on which they are consulted should be formally recorded in any decision notice or minutes.	Government	<p>Not the current practice on assessment decisions, would be recorded in hearing decisions, but not minutes.</p> <p>Pending update of the code, we could seek views of our IPs with a view to recording.</p>	<p>Yes, but in summary form.</p> <p><b><u>Recommendation:</u></b> That, where appropriate, a summary of the IPs view be included in decisions and minutes.</p>	

	<b>Recommendation</b>	<b>Responsible body</b>	<b>Comment</b>	<b>Voluntarily adopt?</b>	<b>R A G</b>
<b>R10</b>	A local authority should only be able to suspend a councillor where the authority's Independent Person agrees both with the finding of a breach and that suspending the councillor would be a proportionate sanction.	Government	This has the effect of an IP having the power to overrule a Standards hearing's decision relating to a suspension penalty. While their view should be taken into account, this recommended change gives too much power into an unelected person.	Currently no power to suspend. Consider making representations if government consultation.	
<b>R11</b>	Local authorities should provide legal indemnity to Independent Persons if their views or advice are disclosed. The government should require this through secondary legislation if needed.	Government / all local authorities	The Council could voluntarily adopt this provision. Enquiries are being made of the Council's insurance officer.	Subject to advice.	
<b>R12</b>	Local authorities should be given the discretionary power to establish a decision-making standards committee with voting independent members and voting members from dependent parishes, to decide on allegations and	Government	The Council has a standards committee with 2 non-voting parish council representatives. Since the 2011 changes to	Could consider non-voting Independent Members for the committee.  <b>Recommendation:</b>	

	<b>Recommendation</b>	<b>Responsible body</b>	<b>Comment</b>	<b>Voluntarily adopt?</b>	<b>R A G</b>
	impose sanctions.		the standards system it no longer may have voting independent members, but could decide to have non-voting independent members attend Standards Committee. Independent members are different to Independent Persons.	That the committee considers whether or not non-voting independent members of the committee would help enhance standards of conduct for the council, and, if appropriate, how many.	
<b>R13</b>	Councillors should be given the right to appeal to the Local Government Ombudsman if their local authority imposes a period of suspension for breaching the code of conduct.	Government	No current right of appeal to the LGO, and no current power of suspension.	No – needs change in law.	

	<b>Recommendation</b>	<b>Responsible body</b>	<b>Comment</b>	<b>Voluntarily adopt?</b>	<b>R A G</b>
<b>R14</b>	The Local Government Ombudsman should be given the power to investigate and decide upon an allegation of a code of conduct breach by a councillor, and the appropriate sanction, on appeal by a councillor who has had a suspension imposed. The Ombudsman's decision should be binding on the local authority.	Government	This recommendation is unclear, as it appears to propose an investigatory and determining role for the LGO, when the local authority carries out investigations and makes decisions. Will the LGO be reviewing a decision or considering afresh?	No – needs change in law.	
<b>R15</b>	The Local Government Transparency Code should be updated to require councils to publish annually: the number of code of conduct complaints they receive; what the complaints broadly relate to (e.g. bullying; conflict of interest); the outcome of those complaints, including if they are rejected as trivial or vexatious; and any sanctions applied.	Government	Standards and Audit Committee considers the MO's annual report on standards which contain this level of information. Given how few complaints are received, these statistics are not currently published as it would be relatively easy to identify the councillors effected when no breach is	<b>Recommendation:</b> that the committee considers whether or not to publish summary information about complaints and their outcome.	

	Recommendation	Responsible body	Comment	Voluntarily adopt?	R A G
			found (breach of their data protection rights), especially if no breach is found. But this information could be published voluntarily in summary form as good practice.		
<b>R16</b>	Local authorities should be given the power to suspend councillors, without allowances, for up to six months.	Government	There was a power to suspend under the previous standards system. It was used positively in some cases to give time for member retraining.	No – needs change in law.	
<b>R17</b>	The government should clarify if councils may lawfully bar councillors from council premises or withdraw facilities as sanctions. These powers should be put beyond doubt in legislation if necessary.	Government	Some councils already consider that they have this power, and this has not been tested in the courts. Chesterfield has not needed to consider this issue yet, but would, pending legislation, if	Consider, pending legislation, if appropriate for a standards case.	

	<b>Recommendation</b>	<b>Responsible body</b>	<b>Comment</b>	<b>Voluntarily adopt?</b>	<b>R A G</b>
			appropriate.		
<b>R18</b>	The criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished.	Government		No – needs change in law.	
<b>R19</b>	Parish council clerks should hold an appropriate qualification, such as those provided by the Society of Local Council Clerks.	Parish councils	For parish councils. This council could enquire about level of qualification required at its two parishes.		
<b>R20</b>	Section 27(3) of the Localism Act 2011 should be amended to state that parish councils must adopt the code of conduct of their principal authority, with the necessary amendments, or the new model code.	Government		No – needs change in law.	
<b>R21</b>	Section 28(11) of the Localism Act 2011 should be amended to state that any sanction imposed on a parish councillor following the finding of a breach is to be determined by the relevant principal authority.	Government	Currently this Council can only recommend to a parish which sanction is appropriate, but the parish cannot choose a different sanction.	No – needs change in law.	



	<b>Recommendation</b>	<b>Responsible body</b>	<b>Comment</b>	<b>Voluntarily adopt?</b>	<b>R A G</b>
<b>R22</b>	The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 should be amended to provide that disciplinary protections for statutory officers extend to all disciplinary action, not just dismissal.	Government		No – needs change in law.	
<b>R23</b>	The Local Government Transparency Code should be updated to provide that local authorities must ensure that their whistleblowing policy specifies a named contact for the external auditor alongside their contact details, which should be available on the authority's website.	Government	This is already in progress, and a new page to be added to the Council's website about the external auditor (Mazars).	Already underway	
<b>R24</b>	Councillors should be listed as 'prescribed persons' for the purposes of the Public Interest Disclosure Act 1998.	Government			
<b>R25</b>	Councillors should be required to attend formal induction training by their political groups. National parties should add such a requirement to their	Political groups National political parties	The Council has a formal induction programme and one has been developed for	The MO should seek assurances from the political groups as to requiring members to	

	<b>Recommendation</b>	<b>Responsible body</b>	<b>Comment</b>	<b>Voluntarily adopt?</b>	<b>R A G</b>
	model group rules.		May 2019. It is hoped that groups will require their members to attend these as they relay essential information about law conduct and practice to members. There currently can be difficulty in ensuring attendance at face to face training other than induction.	attend training	
<b>R26</b>	Local Government Association corporate peer reviews should also include consideration of a local authority's processes for maintaining ethical standards.	Local Government Association	The Council's Internal Audit unit intends to carry out a review of member and officer ethical standards in 2020/21.		