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The Chair and Members of Standards
and Audit Committee

18 April 2023

Dear Councillor,

Please attend a meeting of the STANDARDS AND AUDIT COMMITTEE to be held on WEDNESDAY, 26 APRIL 2023 at 2.00 pm in Committee Room 1, Town Hall, Rose Hill, Chesterfield, the agenda for which is set out below.

AGENDA

Part 1(Public Information)

1. Declarations of Members' and Officers' Interests relating to Items on the Agenda
2. Apologies for Absence
3. Minutes (Pages 3 - 6)
4. External Audit Progress Report (Pages 7 - 24)
5. Chesterfield Borough Council Internal Audit Plan 2023/24 (Pages 25 - 34)
6. Implementation of Internal Audit Recommendations (Pages 35 - 48)
7. Annual Governance Statement (Pages 49 - 84)
8. Local Government Act 1972 - Exclusion of Public

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

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

Part 2 (Non Public Information)

9. Internal Audit Progress Update (Pages 85 - 132)

Yours sincerely,

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

Head of Regulatory Law and Monitoring Officer

STANDARDS AND AUDIT COMMITTEE**Wednesday, 15th February, 2023**

Present:-

Councillor Caulfield (Chair)

Councillors Rayner
Brady

Councillors T Murphy

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

35 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Kellman and Snowdon.

36 MINUTES**RESOLVED –**

That the Minutes of the meeting of the Standards and Audit Committee held on 23 November, 2022 be approved as a correct record and be signed by the Chair.

37 PROGRESS REPORT ON THE 2022/23 INTERNAL AUDIT PLAN

The Head of the Internal Audit Consortium submitted a report to provide Members with a progress update on the 2022/23 Internal Audit Plan.

Since the Committee last met in November, two reports had been issued with the following levels of assurance:

- 'Substantial assurance' - one

- 'Reasonable assurance' - one

A summary of the reports issued was attached at Appendix 1 of the officer's report.

***RESOLVED –**

That the report be noted.

38 EXTERNAL AUDIT PROGRESS REPORT

The Council's external auditors, Mazars, presented a report updating members on the progress in delivering their responsibilities as external auditors.

The report informed members of the progress in delivering the 2021/22 audit and assurance work and the 2022/23 audit planning process.

***RESOLVED –**

That the report be noted.

39 RISK MANAGEMENT STRATEGY 2023-2027

The Strategic Health, Safety and Risk Manager provided Members with an annual progress update report on the Risk Management activities during 2022/23.

The report noted that four items on the Strategic Risk Register had altered since the last update to members. These were summarised in Appendix 2 and explained in further detail in Appendix 3, both attached to the officers report.

***RESOLVED –**

1. That the amendments to the Risk Management Strategy 2023-2027 be recommended to Full Council for approval.
2. That the progress made and new updates to the Council's risk management arrangements during 2022/23 including the enhanced oversight of risk management group and development of the directorate risk registers be noted.

3. That the Strategic Risk Register revisions for 2023/24 including the register remaining a 'live' document be noted.

40 **TREASURY MANAGEMENT STRATEGY 2023/24 (INCLUDING INVESTMENT AND CAPITAL STRATEGY)**

The Group Financial Accountant presented a report recommending for approval the Treasury Management Strategy Statement 2023/24, the Capital Strategy Report 2023/24, the Investment Strategy Statement for 2023/24 and the Minimum Reserve Provision (MRP) Policy for 2023/24.

The Treasury Management Strategy Statement 2023/24 showed that the strategy had been updated to include the new Liability Benchmark Prudential Indicator, which was a requirement of the updated Treasury Page 28 Management Code, attached as Appendix A to the officers report.

***RESOLVED –**

That it be recommended to Full Council that:

1. The Treasury Management Strategy Statement 2023/24 be approved.
2. The Capital Strategy Report 2023/24, including the Prudential Code Indicators be approved.
3. The Investment Strategy Report 2023/24 be approved.
4. The Minimum Revenue Provision Policy 2023/24 be approved.

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Audit Progress Report

Chesterfield Borough Council

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Standards and Audit Committee 26 April 2023



1. Audit Progress and Audit Planning
2. National publications

01

Section 01:

Audit Progress and Audit Planning

Page 9

Audit progress – 2021/22 Audit

Purpose of this report

This report provides the Standards and Audit Committee's 26 April 2023 meeting with:

- an update on the status of the 2021/22 Audit;
- a summary of the audit planning proposals which form the basis of the formal 2022/23 Audit Strategy Memorandum (ASM). The formal ASM will be shared with the Committee when confirmed; and

It also includes, at Section 2, a summary of recent national reports and publications for your information.

2021/22 Audit

The position on the key elements of the 2021/22 audit is summarised below.

Financial Statements audit

We presented our Audit Completion Report to the Standards and Audit Committee in November 2022 and provided a further update in our progress report to the Committee in February 2023. We reported that the audit was substantially complete but we were awaiting residual evidence and explanations from management to support valuation inputs and judgements by the Council's internal valuation expert on our samples selected for testing. This work is now complete; we have identified non-material differences in the financial statements which management do not propose to adjust and agreed improvements to the process to support the 2022/23 year-end and accounts.

Since the date of the Committee's last meeting though a further issue has emerged which is relevant to the 2021/22 draft financial statements. Actuaries carrying out the Pension Fund triennial valuations have informed employers that their work in updating membership and other assumptions has resulted in material changes to the 31 March 2022 valuation reports used to prepare the 2021/22 draft financial statements. Audit suppliers are liaising with the National Audit Office (NAO) and the FRC to consider the implications of this on proposed audit opinions and to agree a response. We have been instructed to not issue 2021/22 Audit Opinions until this matter has been resolved.

We will update the Committee at the April 2023 meeting on the current position and report the results of our work in our Follow-up Letter which we will issue at the conclusion of the audit.

Audit progress – 2021/22 Audit

Value for Money arrangements

We reported our interim findings in our November 2022 report to the Committee and have continued to keep our risk assessment up to date. There are no changes to our assessment that we need to highlight here and we will set out our findings and conclusions in the 2021/22 Auditor's Annual Report.

Assurance work

We have now been engaged by the Council to carry out the auditor procedures on the 2021/22 Pooling of Housing Capital Receipts Return. We are on course to complete this work by the end of May 2023 deadline.

Audit Planning – 2022/23 Audit

2022/23 Audit Planning

The key points to share with the Standards and Audit Committee from the proposed ASM are summarised below and on the following pages.

Audit Responsibilities and Communications

There are no fundamental changes to our audit responsibilities and the scope of the audit. We continue to be responsible, under the National Audit Office’s (NAO) Code of Audit Practice, for the following:

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Standards and Audit Committee, as those charged with governance, of their responsibilities.

Fraud

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. This includes establishing and maintaining internal controls over reliability of financial reporting.

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

Value for money

We are also responsible for forming a commentary on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources.

Wider reporting and electors’ rights

We report to the NAO on the consistency of the Council’s financial statements with its Whole of Government Accounts (WGA) submission.

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 UK



Audit Planning - 2022/23 Audit

Audit Responsibilities and Communications (continued)

Our main communications with the Standards and Audit Committee will continue to be:

- Audit Strategy Memorandum – this sets out the key communication points required at the audit planning stage, which are summarised in this document.
- Audit Completion Report – this sets out the key findings from our detailed audit and, amongst other things, the proposed draft audit report on the audited financial statements.
- Auditor's Annual Report – this replaces the Annual Audit Letter from 2020/21 onwards and includes our commentary on the Council's value for money arrangements. This form of reporting is a new requirement for this year. The Auditor's Annual Report is required to be issued within 3 months of the date of the audit opinion on the financial statements.

Audit Team responsibilities

The engagement team for 2022/23 is made up of James Collins (Director and Engagement Lead) and Mike Norman (Senior Manager). James is replacing Mark Dalton as Engagement Lead for 2022/23 onwards, with Mark expected to complete the remaining steps and sign off for 2021/22. The delivery of the audit will continue to be supported by members of the local audit team.

Audit Approach

The audit approach is broadly the same as in previous years. Our audit approach is designed to provide an audit that complies with all professional requirements. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted 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.

The major changes to ISA 315 are effective for our 2022/23 audit. Our risk assessment procedures will be more granular than in the prior year and we will be seeking more information from the Council to ensure that we can document our detailed understanding of the Council and the environment that it operates in. This will build on the existing strong knowledge of the Council we already have in place from our previous years' audits. In documenting our risk assessment, we will need to input additional time to assess inherent risks of the spectrum that the auditing standard requires.

The diagram on the following page outlines the procedures we perform at the different stages of the audit and the indicative timeline at this stage based on the current national timetable. The specific dates are subject though to the timely provision of information by third parties and us being able to fully complete the audit procedures to the required quality standards. The significant delay in the completion of the 2022/23 audit has meant that we have needed to overlap work on audit years and be flexible in the timing of the audit stages. We are continuing to discuss the detailed year-end audit arrangements with the finance team, together with the timing of the completion stages.

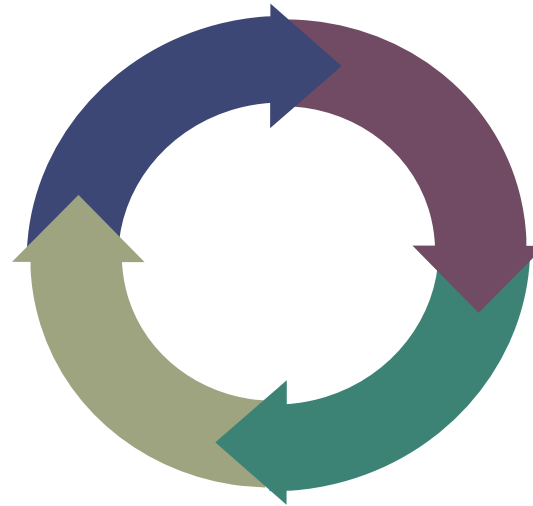
Audit Planning - 2022/23 Audit

Planning and risk assessment (March 2023)

- Planning visit and developing our understanding of the Council
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Risk assessment analytical procedures
- Determination of materiality

Completion (November – December 2023)*

- Final review and disclosure checklist of financial statements
- Final quality control reviews
- Agreeing content of letter of representation
- Issuing Audit Completion Report to those charged with governance
- Reviewing subsequent events
- Signing the auditor's report
- Issuing the Annual Auditor's Report



Interim (April and July 2023)*

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls and application controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary
- Initial value for money risk assessments

Fieldwork (October – November 2023)*

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Reviewing assurances provided by 3rd party service organisations
- Communicating progress and issues
- Clearance meeting
- Completing Value for Money (VFM) risk assessment

* Specific dates for the audit visits being confirmed with management to accommodate audit and client staff availability during these periods.

Audit Planning - 2022/23 Audit

Audit Risks

Following the risk assessment approach we expect to frame our work around the following relevant risks to the audit of the 2022/23 financial statements. We have identified the additional audit procedures required to address these risks and will report our findings in the Audit Completion Report and our Auditor Report.

Description	Status	Comments
Management Override of Control	Significant Audit Risk (unchanged)	This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.
Property Valuation	Significant Audit Risk (unchanged)	Property related assets are a significant balance on the council's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements.
Net Pension Liability Valuation	Significant Audit Risk (unchanged)	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.

Materiality

Our audit is 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. Our provisional materiality assessment is again set based on a benchmark of the Comprehensive Income and Expenditure Statement total gross expenditure. We consider that the total gross expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark. We identify a figure for materiality but identify 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. The initial materiality thresholds for 2022/23 are summarized below:

Overall Materiality – 2% of Gross Expenditure - £2.3m (£2.4m 2021/22)

Performance Materiality – 80% of Overall Materiality - £1.8m (£1.9m in 2021/22)

Trivial threshold for errors to be reported to the Standards and Audit Committee – 3% of Overall Materiality - £69k (£72k in 2021/22)

Audit Planning - 2022/23 Audit

Value for Money

The NAO has confirmed there are no significant changes to the Value for Money reporting requirements for 2022/23.

Under the Code, the key output of our work on VFM arrangements continues to be a commentary on those arrangements within the Auditor's Annual Report.

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

The work falls into three primary phases:

- Planning and risk assessment – obtaining an understanding of the Council's arrangements for each specified reporting criteria.
- Additional risk based procedures and evaluation - Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
- Reporting - We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements in the Auditor's Annual Report.

Our initial risk assessment work has not identified any significant weaknesses in the Council's arrangements. We will keep our risk assessment up to date and include our findings in the commentary in our Auditor's Annual Report

02

Section 02:

National publications

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National publications

	Publication/update	Key points
National Audit Office (NAO)		
1	Good practice in annual reporting	The NAO published an interactive guide that provides examples of good practice in annual reporting.
2	Tackling Fraud and Corruption in Government	This report sets out the recent trends from NAO audits and reports, reviews how well-placed government is to understand and tackle fraud and corruption across government and sets out insights from their work and engagement with experts on what more government can do to better prevent fraud and corruption.
3	Digital Transformation	This report evaluates government's approach to addressing the underlying issues of why past attempts at digital transformation have run into problems.
Department for Levelling Up, Housing and Communities		
4	Department consultation – public inspection of Category 1 authority accounts 2022/23	The Department for Levelling Up, Housing & Communities (DLUHC) is requesting views on the current deadline for category 1 authorities to make their draft accounts available for public inspection.
5	Levelling up enquiry on Local Audit	The Levelling Up, Housing and Communities Committee has launched an inquiry into financial reporting and audit, examining a range of issues relating to the purpose and understanding of local audit and the impact of local authority accounts and audit findings.
Other		
6	ICAEW Vision for Local Audit	The Institute for Chartered Accountants in England and Wales (ICAEW) has published its vision for local audit to accompany the recent publication of a Memorandum of Understanding (MoU) between the Department of Levelling Up, Housing and Communities (DLUHC) and the Financial Reporting Council (FRC).
7	Public Interest Report – Croydon Council	Following the publication of a public interest report in October 2020, Croydon Council commissioned local government expert Richard Penn, through the Local Government Association to compile an independent report on the issues at the council.

NATIONAL PUBLICATIONS

National Audit Office

1. Good practice in Annual Reporting – February 2023

The NAO has published an [interactive guide](#) that provides examples of good practice in annual reporting, drawing on examples from the public sector and other organisations shortlisted for the Building Public Trust Awards, which recognise trust and transparency in corporate reporting.

The guide draws on examples of good practice for annual reporting from organisations who are leading the way in this area. These examples are grouped by the sections of an annual report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

It also provides further examples where bodies have made their reports easier to understand with the use of graphics, clear and accessible language and signposting. The list is not definitive, but the NAO hopes it provides ideas for all bodies in both the public and private sector to think about as they plan their annual reporting for 2022-23.

NATIONAL PUBLICATIONS

National Audit Office

2. Tackling Fraud and Corruption against Government – March 2023

Since the start of the COVID-19 pandemic, government has recorded a higher level of fraud in the accounts we audit. This reflects the nature of the government's response to the pandemic, including the rapid implementation of large new spending and loan programmes that came with an unusually high risk of fraud.

This report sets out the recent trends from NAO audits and reports, reviews how well-placed government is to understand and tackle fraud and corruption across government and sets out insights from their work and engagement with experts on what more government can do to better prevent fraud and corruption.

The report follows NAO previous work which found government did not have a good understanding of fraud before the pandemic. In NAO's 2016 [Fraud landscape review](#), they found a large disparity between the level of fraud and error that the UK government reports and the level reported in other countries and the private sector. NAO also found there were few incentives for departments to record and report the true scale of potential fraud; a lack of data or metrics to evaluate performance in detecting and preventing fraud; and mixed capability across departments to tackle fraud.

The report can be found at the following link:

<https://www.nao.org.uk/reports/tackling-fraud-and-corruption-against-government/>

3. Digital Transformation in Government – Addressing the Barriers - March 2023

This report evaluates government's approach to addressing the underlying issues of why past attempts at digital transformation have run into problems. NAO focus on the approach to transforming government, how the Central Digital and Data Office, its Roadmap and departmental leaders will support and promote this, and whether senior business leaders across government have a suitable level of digital capability.

The report can be found at the following link:

<https://www.nao.org.uk/reports/digital-transformation-in-government-addressing-the-barriers/>

NATIONAL PUBLICATIONS

Department for Levelling Up, Housing and Communities

4. Department Consultation on public inspection of Category 1 authority accounts 2022/23 – February 2023

In March 2021 The Accounts and Audit (Amendment) Regulations 2021 amended the requirements about when accounts must be made available for public inspection for the 2020/21 and 2021/22 accounts, and provided that the period for the exercise of public rights needed to commence on or before the first working day in August in the following financial year.

For 2022/23, the statutory requirement for category 1 authorities is to make accounts available for public inspection for a period that includes the first 10 working days of June, effectively requiring them to be published by 31 May at the latest.

The Government is minded for this deadline to remain in place, but is interested in hearing stakeholders views via a short consultation.

<https://consult.levellingup.gov.uk/redmond-response-team/request-for-views-draft-accounts-deadline/>

5. Levelling Up Committee launches inquiry on local audit – March 2023

The Levelling Up, Housing and Communities Committee has launched an inquiry into financial reporting and audit, examining a range of issues relating to the purpose and understanding of local audit and the impact of local authority accounts and audit findings.

The inquiry will scrutinise the role of audit in local accountability and democracy and the extent to which accounts provide a clear picture of the financial sustainability and resilience of a local authority.

The inquiry is also likely to explore how local authority financial reporting could be made more accessible, the role of local audits in acting as ‘red flag’ for action by councils to address financial issues, and how auditors in local government could work together to share best practice.

The Committee welcomes written evidence on the terms of reference, which fall under the following headings:

- Users and uses of local authority accounts and audit
- Understandability and accessibility of local authority accounts and audit
- Making local authority accounts meet the needs of users better
- Addressing findings in audits and sharing best practice

<https://committees.parliament.uk/work/7348/financial-reporting-and-audit-in-local-authorities/news/186485/levelling-up-committee-launches-inquiry-on-local-audit/>

NATIONAL PUBLICATIONS

ICAEW

6. ICAEW Publishes its Vision for Local Audit – March 2023

The Institute for Chartered Accountants in England and Wales (ICAEW) has published its vision for local audit to accompany the recent publication of a Memorandum of Understanding (MoU) between the Department of Levelling Up, Housing and Communities (DLUHC) and the Financial Reporting Council (FRC).

The ICAEW welcomes the MoU, which covers the role of the 'shadow' system leader for local audit pending the establishment of the Audit, Reporting and Governance Authority (ARGA). The ICAEW also believes more needs to be done urgently if the local financial reporting and audit crisis is to be resolved.

The ICAEW's vision for local audit is designed to prompt discussion, identifying a series of challenges the ICAEW believes need to be overcome, and actions it supports to address those challenges. These are grouped into the following areas:

- Improve financial reporting to enhance transparency and accountability
- Deliver high-quality local audits on a timely basis
- Strengthen financial management and governance
- Reform finances to ensure value for money and protect the public interest
- Build a thriving profession that is highly valued

<https://www.icaew.com/insights/viewpoints-on-the-news/2023/mar-2023/ICAEW-publishes-its-vision-for-local-audit>

NATIONAL PUBLICATIONS

Public Interest Report

7. Croydon Council Public Interest Report – February 2023

Following the publication of a public interest report in October 2020, Croydon Council commissioned local government expert Richard Penn, through the Local Government Association to compile an independent report on the issues at the council. His report, completed in March 2021, but only just published in February 2023 found that the dysfunctional leadership and poor governance arrangements contributed to the authority's financial collapse.

Fairfield Hall is an arts, entertainment and conference centre situated in Croydon. Refurbishment of this building was agreed by Croydon Council and work was undertaken between June 2016 and September 2019. It was delivered late and cost substantially more than the original £30m budget agreed by cabinet. Originally a Value for Money review, this became a Report in the Public Interest by their Internal Auditors Grant Thornton which highlighted failings of financial control and governance of this project.

The report found that the 'governance gaps' at the time 'prevented scrutiny and challenge that may have allowed corrective action to have been taken.' The report found that the statutory officers and chief officers throughout the time of the refurbishment failed to fulfil their statutory duties. All have since left the council. An action plan will be put in place to address the recommendations arising from this report.

This has led the Council putting in place new measures to address the findings. The Council has overhauled and strengthened its financial, legal, decision-making and other governance processes, and through its Croydon Renewal Plan is creating a new culture of good decision-making, transparency, accountability, and value for money.

It also led the council to undertake an external independent review of its companies and company structures. Following that review, the council's intention is to wind down its development company Brick by Brick once it has completed its outstanding building work. The Fairfield Halls refurbishment contracts were taken back under direct Council control. The full report, which includes a number of lessons that other Councils can learn from, can be seen here:

<https://www.croydon.gov.uk/council-and-elections/budgets-and-spending/reports-and-reviews/report-public-interest-fairfield-halls>

Contact

Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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For publication

Chesterfield Borough Council Internal Audit Plan 2023/24

Meeting:	Standards and Audit Committee
Date:	26 th April 2023
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

1.1 To present to Members for consideration and agreement the Internal Audit Plan for 2023/24.

2.0 Recommendations

2.1 That the Internal Audit Plan for 2023/24 be agreed.

2.2 That it be noted that the plan is provisional and may need adjusting and prioritising in the light of any emerging risks / staff shortages etc.

3.0 Reason for recommendations

3.1 To comply with the Public Sector Internal Audit Standards and to determine the internal audit work plan for the year.

3.2 To ensure that the annual internal audit opinion can provide assurance in respect of the Council's governance, risk and control arrangements.

4.0 Report details

4.1 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.

- 4.2 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
 - An update of the internal audit risk assessment exercise
 - The Council's strategic risk register
 - Consultation with the Corporate Leadership Team
- 4.3 Over the last few years there has been a gradual reduction of time spent on the main financial systems. This is on the basis that the controls in place are tried and tested, that systems and staff remain the same. This allows us to spend more time on other areas that may pose greater risk or that we have not reviewed for some time. Internal audit covers the whole of the council's governance, risk and control arrangements and therefore there is an increasing number of non- financial areas to assess such as climate change and health & safety.
- 4.4 Some reserve audit areas have been included at the end of the plan. Whilst every effort will be made to complete the 2023/24 planned areas first, a list of reserve areas provides more flexibility. At certain times of the year, particularly year end there can be legitimate reasons why an audit is not feasible at a particular time. If the contingency days are not required, then these will be utilised on the reserve areas or other emerging risk areas.
- 4.5 An annual report summarising the outcome of the 2022/23 internal audit plan will be presented to this Committee after the year-end. Some of the areas from the 2022/23 plan have been rolled forward to 2023/24.
- 4.6 A summary of the internal audit plan for 2023/24 is shown below and in detail at Appendix 1.

Internal Audit Plan 2023/24

Summary	Audit Days
Main Financial Systems	169
Other Operational Audits	163
Computer / IT Related	42
Fraud and Corruption	11
Corporate / Cross Cutting / Governance	100
Special Investigations & Contingency	30
Apprenticeships / Training	30
Audit Committee / Client Liaison	15
Grand Total	560

4.7 Resource availability is based on the Consortium Business Plan that will be presented to the Joint Boards next meeting for approval. The plan allocates 560 days to Chesterfield Borough Council for 2023/24, this is the same allocation as in 2022/23.

4.8 The plan is ambitious and is reliant upon having a full staffing complement and fully trained staff. The Chesterfield Internal Auditor post has recently become vacant again and is out to advert.

5.0 Alternative options

5.1 Not Applicable

6.0 Implications for consideration – Financial and value for money

6.1 Financial – The internal audit budget for 2023/24 has in principle been agreed by the Joint Board however as the March meeting was inquorate the budget will need to be presented again at their next meeting.

7.0 Implications for consideration – Legal

7.1 The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake 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 or guidance”.

8.0 Implications for consideration – Human resources

8.1 None

9.0 Implications for consideration – Council plan

9.1 The internal audit plan is linked to the Council Plan in respect of its aim to provide value for money services and has recognised the Council’s priorities as outlined in the Council Plan.

10.0 Implications for consideration – Climate change

10.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council’s objectives.

11.0 Implications for consideration – Equality and diversity

11.1 None

12.0 Implications for consideration – Risk management

12.1 The audit plan is designed to provide assurance that the council's significant risks identified as part of the risk assessment process are being managed effectively. If additional risks are identified and / or there are changes to priorities during the year the plan will be reconsidered. Any significant changes to the plan will be reported back to the Standards and Audit Committee for approval.

Decision information

Key decision number	N/A
Wards affected	None

Document information

Report author	
Jenny Williams Head of the Internal Audit Consortium Finance Directorate	
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix 1	Internal Audit Plan 2023/24

Chesterfield Borough Council Internal Audit Plan

Not completed

Priority		2021/22 Days	2022/23 days	2023/24 Draft Days	Risk Factor / Corporate Risk link
	Main Financial Systems				
H/M	Main Accounting and Budgetary Control / MTFP	12	12	12	The Council's accounts cannot be produced/ reputational damage / possible lack of control over spending (Strategic Risk 1)
H/M	CIPFA Financial Management Code of Practice	0	0	10	Lack of financial resilience/ sustainability (Strategic Risk 1)
H	Payroll	30	0	30	Staff are paid incorrectly/ ghost employees created
M	Creditor Payments (Accounts Payable)	25	25	0	Duplicate/ fraudulent payments/reputational
H/M	Debtors (Accounts Receivable)	15	0	15	Loss of income
H/M	Treasury Management – Loans and investments	15	0	15	Poor investment decisions / fraud
H/M	Gov Grants – Business / household	15	15	5	Fraud / error
M	Cash and Banking	0	18	0	Loss of income / theft
M	Council Tax	0	20	0	Loss of income / fraud
H/M	Non Domestic Rates	20	0	20	Loss of income / fraud
M	Housing / Council Tax Benefits	21	20	0	Reputation damage / fraud
H	Housing Rents	20	20	20	Loss of income / Fraud
M	HRA Business Plan	5	5	0	HRA is not sustainable (Strategic Risk 1)

Priority		2021/22 Days	2022/23 days	2023/24 Draft Days	Risk Factor / Corporate Risk link
					and 9)
H/M	Housing Repairs – Capital	0	0	20	Reputational damage / poor workmanship / cost overruns
H/M	Housing Repairs – Voids	20	20	22	Reputational damage / poor workmanship / income loss
	Total	198	155	169	
	Other Operational Audits				
N/A	Brimington Parish Council	5	5	0	Accounts may be incorrect
L	Bulky Waste	0	6	0	Loss of income
M	Car Parks Income	0	25	0	Income loss, theft
L	Car Allowances / subsistence	0	10	0	Fraud
M	Contract final accounts	5	3	2	Poor contract management, fraud
L	Credit Card Usage	0	0	8	Inappropriate expenditure
H	Data Protection inc PCI Compliance	0	12	14	Reputational damage, financial penalties (Strategic Risk 7)
M	Electrical Testing Council Houses	0	0	10	Health & Safety (Strategic Risk 6)
H	Various Grants sign off	5	5	3	Fraud
M	Healthy Living Centre	15	0	15	Loss of income, theft
M	Homelessness	0	12	0	Reputational Damage
M	Joint Crematorium	12	12	12	Reputational damage
L	Licensing Income	0	10	0	Loss of income, safeguarding issues
M	Markets income	12	0	12	Loss of income, theft
L	Members Allowances / Civic Expenses	0	10	10	Fraud
M	Planning Fees	12	0	0	Loss of income
M	Private Sector Housing Grants	0	10	0	Fraud

Priority		2021/22 Days	2022/23 days	2023/24 Draft Days	Risk Factor / Corporate Risk link
M	Property Compliance Audit (Gas Servicing)	15	0	0	Health and safety risk (Strategic Risk 6)
M	Property Rents	0	12	12	Loss of Income / fraud
H	Property Repairs – non housing	12	0	0	Assets not fit for purpose, no budget to repair (Strategic Risk 11)
H	Queens Park Sports Centre	20	0	25	Loss of income, theft
M	Refuse Collection – Domestic	10	12	0	Reputational damage
M	Section 106/CIL	0	0	12	Income Loss, fraud, failure to provide projects
H	Staveley Town Council	0	0	5	Default on loan
M	VAT	0	0	8	Fines
M	Venues	0	20	0	Loss of income, theft
M	Waterside / Northern Gateway Rents	0	0	15	Loss of income
	Total	123	164	163	
	Computer and IT Related				Risk Factor
H	Cyber risks/Network Security/Laptops/Removable Media	0	15	20	Attack on Council's network (Strategic Risk 7)
M	IT Improvement / transformation Programme	12	12	0	IT failure (Strategic Risk 4)
L	Members IT equipment / phones	10	0	12	Data breaches, loss of equipment
H	New system review / system upgrades	10	10	10	Failure to test properly before implementation/ data protection
	Total	32	37	42	

Priority		2021/22 Days	2022/23 days	2023/24 Draft Days	Risk Factor / Corporate Risk link
	Cross Cutting Issues				
H	Corporate Governance and Annual Governance Statement	20	14	14	Poor Governance, risk and control arrangements in place. Reputational damage
M	Business Continuity Planning	15	0	0	Failure to provide services, reputational damage (Strategic Risk 5)
H	Climate Change	0	0	12	Reputation, failure to implement action plan / meet targets (Strategic Risk 12)
H	Financial Advice / Working Groups/Transformation Projects	25	25	25	Appropriate controls not in place
H	Health & Safety	0	12	12	Risk of injury or death, reputational damage (Strategic Risk 6)
M	Performance Management, Corporate Targets	12	0	0	Poor Governance
H	Procurement	0	15	10	Fraud, poor value for money, non-compliance with Financial Regulations (Strategic Risk 8)
H	Projects/Project management e.g. economic development,	20	30	15	Reputation, Value for Money (Strategic Risk 2)
M	Risk Management	5	8	0	Failure to identify and mitigate risks
M	Sickness Absence / Wellbeing	0	12	12	High sickness levels / poor motivation
	Total	97	116	100	
	Fraud and Corruption				
	Anti-Fraud, Bribery and Corruption Strategy	0	3	3	Fraud, poor culture
	National Fraud Initiative	5	5	8	Fraud

Priority		2021/22 Days	2022/23 days	2023/24 Draft Days	Risk Factor / Corporate Risk link
	Total	5	8	11	
	Special Investigations/Contingency/emerging risks/ Test schedule updates	60	35	30	Theft, fraud, reputation, health & safety
	Apprenticeship / training	30	30	30	Technical competence
	Audit Committee / Client Officer Liaison	15	15	15	Non- compliance with PSIAS
	Planned Total Days	560	560	560	

Reserve Areas for 2023/24

Commercial Waste Income
 Social Media
 Leaseholder Charges
 Market Hall Café
 Sale of Land and Property
 Careline
 Food Hygiene
 Recruitment and Selection

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For publication

Implementation of Internal Audit Recommendations

Meeting:	Standards and Audit Committee
Date:	26th April 2023
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

- 1.1 To present for members' information a summary of internal audit recommendations made, implemented and outstanding.

2.0 Recommendations

- 2.1 That the report be noted.
- 2.2 That a further summary of outstanding internal audit recommendations be submitted to the Standards and Audit Committee in October 2023.

3.0 Reason for recommendations

- 3.1 To inform Members of the progress made in respect of implementing internal audit recommendations so that they can assess if appropriate and timely action is being taken.

4.0 Report details

- 4.1 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. The last report was brought in September 2022.
- 4.2 Attached, as Appendix 1, is a summary of made, implemented and outstanding internal audit recommendations as at the end of March 2023. There are 4 high priority, 7 medium priority and 6 low priority recommendations outstanding. Appendix 1 provides a current update from managers in respect of each outstanding recommendation.

5.0 Alternative options

5.1 The report is for information.

6.0 Implications for consideration – Financial and value for money

6.1 Internal audit recommendations are aimed at ensuring there are controls in place to protect the Council's finances and thus contributing towards achieving value for money.

7.0 Implications for consideration – Legal

7.1 None

8.0 Implications for consideration – Human resources

8.1 None

9.0 Implications for consideration – Council plan

9.1 The implementation of internal audit recommendations helps to ensure that governance, risk and control arrangements are in place and operating which in turn helps to ensure that the council's resources and priorities are focused on achieving the objectives within the council plan.

10.0 Implications for consideration – Climate change

10.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, the implementation of internal audit recommendations will support the achievement of the Council's objectives.

11.0 Implications for consideration – Equality and diversity

11.1 None

12.0 Implications for consideration – Risk management

12.1 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.

Decision information

Key decision number	
Wards affected	

Document information

Report author	
Jenny Williams Head of the Internal Audit Consortium Finance	
Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix 1	Recommendations Made implemented and Outstanding

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**Summary of Internal Audit Recommendations Made, Implemented and Outstanding
(end of March 23)**

Priority	Recommendations made 2020/21	Recommendations made 2021/22	Recommendations made 2022/23 to date
High	1	8	2
Medium	28	31	29
Low	33	49	41
Total	62	88	72

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Audit / Assurance Level	Recommendations outstanding end of March 23		
	High	Medium	Low
Property Safety Inspections (Reasonable)		1	2
QPSC (Limited)			2
Non-Housing Property Repairs (Limited)	2	2	
Car Parks (Reasonable)		1	
Housing Rents (Limited)	2	1	1
Refuse Collection – Domestic (Reasonable)		2	1
Total	4	7	6

Audit Area	Recommendations	Priority	Agreed Imp Date	Managers Comments
Property Safety Inspections – September 2021	It is essential that the draft Gas and Electrical policies are formally approved and adopted by the council as soon as possible.	Medium	March 22 Extended to March 2023	Policies and Management Plans should be available in draft by the end of March 2023. Formal approval will take place later in the year but the correct processes are now being followed.
Property Safety Inspections – September 2021	It should be ensured that further work is completed to ensure the electrical testing programme is integrated with the housing system for better monitoring and regular reporting.	Low	Ongoing	A new asset management system will be implemented, starting later in 2023. However, we already have robust monitoring and reporting processes in place, with fortnightly updates to the Housing Strategic Board chaired by the Chief Executive.
Property Safety Inspections – September 2021	Consideration should be given to ensuring a record of operative electrical training to ensure certifications remain up to date.	Low	April 2022	A training matrix is being produced for all HPS employees' learning and development needs. This should be completed during April 2023 and will be maintained thereafter.
Queens Park Sports Centre – January 2022	Consideration should be given to reviewing the contract with 'Get Soaked, due to the contract having expired and the subsequent reduction in discount. (Dropped from 15% to 10%)	Low	31 st December 2022	We are out of contract and are currently on a rolling agreement. The discount should have been removed at the end of the agreement, but they have continued with the 10%. A Meeting has been held on 22/03/23 with the company

Audit Area	Recommendations	Priority	Agreed Imp Date	Managers Comments
Page 41				to discuss options going forward as the purchase price and deal we get from them is still beneficial and competitive. The spend over an annual period from 1 st January 22 with this contractor is £22,700.000. Due to this value, it is recommended that the Council carry out an open procurement process and put a formal contract in place for up to 4 years. This work will progress and be completed by September 2023, which is later than was originally anticipated but this is as a result of the move to the new leisure management system for Leisure which has, given its critical importance as the main income management system for our leisure centres taken priority.
Queens Park Sports Centre – January 2022	It would be prudent to review all vending machines contracts to ensure current and determine terms in respect of income.	Low	31 st December 2022	Vending machine contract is being looked at corporately on behalf of the whole of CBC as a wider vending provision project within all CBC facilities and as a result QPSC will form part of the wider procured solution for CBC. The service has met with procurement and the current supplier to consider our specific

Audit Area	Recommendations	Priority	Agreed Imp Date	Managers Comments
				requirements and help to inform the wider procurement approach. In the interim the current supplier has confirmed that they are happy to honour existing contract terms and conditions whilst this wider review is undertaken. Anticipated completion date for the CBC tender award December 2023.
<p>Non- Housing Property Repairs – April 2022</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 42</p>	It is essential that the review of the Councils maintenance plans for non-operational buildings be completed as soon as practical.	High	September 2022	Condition surveys for the Customer Service Centre and the Visitor Information Centre have been procured. The reports commissioned will also include reports on the route to zero for carbon reduction and CBC climate commitments. Once the first two are complete a program is planned for all assets to be done in three phases spread over 18 months. The information will then lead to a planned repairs program and how climate commitments can be met.
<p>Non- Housing Property Repairs – April 2022</p>	Consideration must be given to the financial implications of the results of the condition surveys.	High	December 2022	This will flow directly from R1. The plan is to pay for works from capital receipts.

Audit Area	Recommendations	Priority	Agreed Imp Date	Managers Comments
Non- Housing Property Repairs – April 2022	Contribution levels should be reviewed to ensure they are set at a realistic level based on the outcomes of R1.	Medium	February 2023	As above
Non- Housing Property Repairs – April 2022	The draft asset management strategy be presented to Cabinet for approval at the earliest opportunity	Medium	September 2022	The Draft new Asset Management Strategy is currently seeking senior officer approval pre taking to Members for consideration.
Car Parks – September 2022 Page 43	The ticketing contract expires in September 22, it is essential to liaise with procurement to ensure adequate time is given to procure a new contract.	Medium	October 2022	Tender documentation written and with procurement colleagues to progress out to formal tender release. We are in the process of getting the tender advertised. Anticipated completion date July 2023.
Housing Rents – August 2022	<p>It is essential that arrears cases are reviewed on a regular minimum 3 monthly basis in order to ensure:</p> <ul style="list-style-type: none"> Contact with tenant to ensure all recovery routes, financial guidance/assistance is provided prior to escalation of arrears and potential eviction <p>Where tenant is on UC direct and managed payments applied for as soon as practical to prevent increasing arrears</p>	High	31 st January 2023	The reshape of Customers, Revenues and Benefits has been approved and implementation of the new structure will begin from 1 April. A dedicated Systems and Technical Officer has been appointed to review and implement new processes which will improve our collection rates and deliver training to new employees, As an interim measure we have used NEC Task Manager to identify ‘time sensitive’ cases such as Introductory Tenancies and UC accounts as urgent cases to be investigated and

Audit Area	Recommendations	Priority	Agreed Imp Date	Managers Comments
				actioned first.
Housing Rents – August 2022	It is essential that the continued upward trend in arrears is addressed, particularly pro-active recovery at an early stage of arrears for each case, which will necessitate a review of resources	High	31 st January 2023	Processes are being revised to enable targeting of accounts at an earlier stage so that signposting and support is in place at the start of the tenancy. This will ensure that not only are arrears identified but that the tenancy is offered a more successful outcome.
Housing Rents – August 2022 Page 44	Arrangements should be reviewed on a regular minimum monthly basis to ensure that the arrangement is being adhered to or where failed recovery escalation is progressed as soon as possible, to prevent increasing levels of arrears	Low	30 th November 2022	The arrangements made with tenants are currently monitored manually. All cases need to be looked at. Testing of an automated solution is underway which will identify breaches in payment arrangements. This will reduce the need to look at accounts manually to check for payments or broken arrangements and will identify cases that are in arrears OR with a broken arrangement in place and so reduce the workload in recovery considerably.
Housing Rents –	It is essential that write offs (where appropriate) are	Medium	30 th November	Write off procedures have been

Audit Area	Recommendations	Priority	Agreed Imp Date	Managers Comments
August 2022	undertaken on a regular basis, which would assist in targeting/prioritising cases where there is potential for recovery		2022	reviewed. Appropriate write offs for the year 2022 – 2023 have been reviewed and passed for approval to implement.
Refuse Collection – Domestic November 2022	It is essential any information outstanding that is preventing the contracts from being signed is obtained and both contracts signed as soon as possible.	Medium	Not specified	The contracts are due to be signed imminently as all areas for clarification have been resolved.
Refuse Collection – Domestic November 2022	Consideration should be given to reconciling bin replacements on Salesforce to bin stock distributed to Veolia. This would enable stock to be replenished prior to Veolia running out of bins and enable monitoring of the number of bins given out to customer against bins given to Veolia.	Low	Not specified	<p>Given the technical nature of this work, the service has had discussions with IT colleagues regarding options and opportunities relating to this. Currently the service is awaiting a project / programme resource to be allocated from IT to support the service in developing required system changes. It is however important to note the following: -</p> <p><u>Management Information</u> Veolia have and continue to develop a comprehensive suite of reports capable of reporting against many if not all of the Waste Management team operational requirements. These are available online in a secure portal.</p> <p><u>Container asset management &</u></p>

Audit Area	Recommendations	Priority	Agreed Imp Date	Managers Comments
				<p><u>reconciliation</u> Specifically, there is a predefined report designed to track and analyse container asset management/replacement. The report tracks containers and has predefined filters to drill into to the volumes and reason for issue. If the current report does not show the exact information required, Veolia are open to developing additional reports that would allow CBC to replenish stock prior to Veolia running out as part of the current contract.</p>
<p>Refuse Collection Domestic November 2022</p>	<p>At the time of this audit most reporting information is being provided by Veolia it would be prudent for the waste management team to be able to run and verify through our own systems the accuracy of the information being received from Veolia.</p>	<p>Medium</p>	<p>Not specified</p>	<p>Given the technical nature of this work, the service has had discussions with IT colleagues regarding options and opportunities relating to this. Currently the service is awaiting a project / programme resource to be allocated from IT to support the service in making any subsequent system changes. However, the following assurance should be noted; Waste Management information including property database, asset information, route information,</p>

Audit Area	Recommendations	Priority	Agreed Imp Date	Managers Comments
				operational activity is stored offsite in Veolia's Echo platform and as such is live and accessible to CBC.

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For publication

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

Meeting:	Cabinet Standards and Audit Committee
Date:	4th April 2023 26th April 2023
Cabinet portfolio:	Cabinet Member for Governance
Directorate:	Finance

1.0 Purpose of the report

- 1.1 To Review compliance with the Code of Corporate Governance requirements during the year 2022/23 and to present the Annual Governance Statement.

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 2022/23 (Appendix 1)
 - b) the Annual Governance Statement 2022/23 (Appendix 2).
- 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
 - 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 significant issues and future challenges identified in the Annual Governance Statement is monitored by the Corporate Leadership Team.

3.0 Reasons for recommendations

- 3.1 To enable the Cabinet and the Standards and Audit Committee to monitor compliance with the Code of Corporate Governance.
- 3.2 To comply with the requirements of the Accounts and Audit Regulations 2015.
- 3.3 To support the maintenance of sound risk management, governance and control arrangements within the Council.

4.0 Report details

Background

- 4.1 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 to achieve desired outcomes for service users and communities.
- 4.2 The Council's Code of Corporate Governance reflects the latest CIPFA / SOLACE guidance "delivering good governance in Local Government Framework 2016 Edition".
- 4.3 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".
- 4.4 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.

4.5 Local authorities are required to prepare an Annual Governance Statement 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.

Review of compliance with the Code of Corporate Governance requirements

4.6 The Review at Appendix 1 shows that there has been substantial compliance with the Code of Corporate Governance during the year 2022/23. Where discussions with CLT and the work of Internal Audit has identified issues, these have been addressed within the Annual Governance Statement.

The Annual Governance Statement

4.7 The review of compliance with the Code of Corporate Governance helps to identify evidence which is then used in the Annual Governance Statement.

4.8 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 2) has been derived from a detailed review of the assurances by senior officers and from the work undertaken and risks identified by internal audit.

4.9 The Corporate Leadership Team and other senior officers have all been involved in the review.

4.10 The review indicates that many of the processes and procedures in place at Chesterfield Borough Council are compliant with good practice however

there are some governance issues and future challenges that are detailed within the Annual Governance Statement.

4.11 The Annual Governance Statement confirms substantial compliance with the CIPFA Financial Management Code. Compliance with the code seeks to provide assurance that Council's have financial resilience and sustainability.

4.12 The Annual Governance Statement (Appendix 2) 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.

5.0 Alternative options

5.1 Not applicable.

6.0 Implications for consideration – Financial and value for money

6.1 Ensuring that governance processes, risk management and controls in place are strong and transparent helps to ensure that there is good financial management and that value for money is achieved.

7.0 Implications for consideration – Legal

7.1 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.

8.0 Implications for consideration – Human resources

8.1 None

9.0 Implications for consideration – Council Plan

9.1 This review helps to ensure that the council's resources and priorities are focused on achieving the objectives within the council plan.

10.0 Implications for consideration – Climate Change

10.1 There are no perceived climate change impacts as a result of the recommendations to approve the Annual Governance Statement and review of the Code of Corporate Governance.

11.0 Implications for consideration – Equality and diversity

11.1 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.

12.0 Implications for consideration – Risk management

- 12.1 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 ensures that the identified issues and challenges can be addressed. Progress will be monitored by the Corporate Leadership Team and the Standards and Audit Committee.

Decision information

Key decision number	
Wards affected	

Document information

Report author	
Jenny Williams Head of the Internal Audit Consortium Finance Directorate	
Background documents	
Accounts and Audit (England) Regulations 2015 CIPFA/SOLACE publication – Delivering Good Governance in Local Government Framework 2016 Edition	
Appendices to the report	
Appendix 1	Annual Review of the Code of Corporate Governance
Appendix 2	Annual Governance Statement

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Chesterfield Borough Council

Local Code of Corporate Governance – 2022/23 Review

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p>Principle A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</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>	<p>There is a four year Council Plan (2019 – 2023) that includes a vision statement. A new four year Council Plan to cover the period 2023 – 2027 was approved by Full Council on 22.02.23. A delivery plan is also approved by Cabinet on an annual basis. The Council Plan is cascaded down through SLT, CLT, service managers meetings, managers weekly bulletins, team meetings and the via aspire intranet.</p> <p>Decision making is set out in the Constitution. The Constitution is underpinned by legal references. The Constitution is reviewed and updated as necessary, with amendments approved by Standards and Audit committee/Full Council (as appropriate).</p> <p>Member and Officers Codes of Conduct are within the Constitution along with protocols on Member/Officer relations.</p> <p>Amongst others, the Council has the following policies/strategies/protocols in place which are on the Council’s intranet: -</p> <p>Anti- harassment and bullying policy</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
	<p>Anti- Fraud, Bribery and corruption policy Equality and diversity policy Recruitment Policy Confidential Reporting (Whistleblowing) policy Procurement Strategy Partnership guidance/protocol. Legal Services Protocols Complaints procedures Staff competency framework</p> <p>Declarations of interest are expected from Members and Officers. Declarations of Gifts and Hospitality are recorded and reviewed by the Monitoring Officer.</p> <p>Member and Officer induction, training and refresher cover: -</p> <ul style="list-style-type: none"> • Behavioural and ethical values • Standards • Fraud and corruption • Equality and Diversity <p>The Council is strongly working towards all staff having annual performance appraisals . An employee’s commitment to the Council’s values are assessed at performance development reviews.</p> <p>There are 3 Scrutiny Committees: -</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 57</p>	<p>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>There is also an Audit and Standards Committee. Each Committee has its own terms of reference. Committee minutes and reports are retained.</p> <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 Service Director - Finance is the nominated section 151 Officer and there is also a nominated Deputy. CIPFA’S statement on the role of the Chief Financial Officer is complied with.</p> <p>The Council has a Monitoring Officer and team to deal with legal breaches. The Monitoring Officer has oversight of governance at the Council and a Deputy Monitoring Officer (in whom vests the legal function in the absence of the Monitoring Officer).</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p>Principle B Ensuring openness and comprehensive stakeholder engagement 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.</p>	<p>Communication means are: -</p> <ul style="list-style-type: none"> • Annual financial statements • Council Plan • The council Newsletter” Your Chesterfield” which includes Our Homes for Tenants and Leaseholders • The council website • Social media channels including video, photos and infographic content • An annual report to tenants is prepared and sent to the Social Housing Regulator, 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. • Housing have a Customer Engagement Strategy as required by the Social Housing Regulator and provide a variety of opportunities for tenants to be involved in and shape service delivery including a Tenant Challenge” Scrutiny” Panel. • FOI Publication Scheme • Council Tax information is on the website • There is a Community Engagement Group and a Communications and Engagements Strategy which includes an annual action plan. • 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. • Housing’s Tenant Challenge Panel (Scrutiny equivalent) has a clear set of Terms of Reference and Code of Conduct for Members.

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 59</p>	<ul style="list-style-type: none"> • Derbyshire wide engagement group to share best practice and develop joint approaches where applicable. • 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. <p>In terms of committee meetings: -</p> <ul style="list-style-type: none"> • An annual meeting timetable is published. • There is a template for Committee reports with standard headings and an online system in place for reviewing and signoff of reports via ModGov. • Officers reports are all retained with the Committee agendas and papers. • All committee reports are “open” agenda items unless there is a valid reason to exclude the public. • All decisions by Committees are minuted. <p>Decision making is set out in the Constitution. All Committees have adopted Terms of Reference and have scheduled meetings during the year.</p> <p>A partnership guidance/protocol has been developed. This includes arrangements for considering partnership arrangements including concerns and resource requests at the Finance and Performance Board. Equality impact assessments take place.</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
	<p>A consultation page has been 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>Results of consultation exercises are published e.g. employee survey.</p> <p>Annual State of the Borough Report and briefing notes on emerging issues.</p>
<p>Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits</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>The Council Plan covers 4 years and 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>Directorate Plans are renewed every year, are developed from the Council Plan and include performance targets.</p> <p>The Council Plan is aligned to the medium-term financial plan (2019 – 2023) and is refreshed each year based on the affordability of each of the priorities.</p> <p>The Council’s financial arrangements have been assessed against the CIPFA Financial Management Code and been found to be largely compliant.</p> <p>The performance framework includes quarterly challenge at the Finance and Performance Board and half yearly at Overview and Performance Scrutiny. There is an Annual performance report to Cabinet.</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p>Page 61</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> <p>The HRA Business Plan Steering Group leads on the development of the HRA Business Plan, this comprises of tenants, officers and elected members (scrutiny is part of this group).</p> <p>The State of the Borough Report is used to inform decisions.</p> <p>There is an Engagement Strategy</p> <p>Consultation is part of The Council's Equality Impact Assessments. There is an Equality and Diversity and Policy, Strategy and action plan.</p> <p>The Council have a Climate Change Strategy and action plan that is monitored.</p> <p>The Council has a Procurement Strategy however during 2022/23 the Procurement Unit has been under resourced and improvements to procurement processes are still being worked on.</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p>Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes</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>The priorities in the Council plan are</p> <ol style="list-style-type: none"> 1) To make Chesterfield a thriving Borough 2) To improve the quality of life for local people 3) To provide value for money services <p>An Organisational Development Strategy along with a Corporate Project Management Framework have been approved to aid in achieving the Council's priorities.</p> <p>Service plans are built up to reflect these priorities.</p> <p>The Constitution defines the decision making mechanisms in place including Member/officer decision making protocols.</p> <p>Corporate Leadership 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/CLT increases flexibility and agility. This is being rolled out across the Council. One Council: One Team is a core CBC value which is considered during all Performance Development Reviews.</p> <p>All Committee reports contain various options and an officer recommendation. There is a schedule of meetings in place.</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 63</p>	<p>The Council has adopted a Communications and Engagement Strategy and develops annual action plans. Feedback is given on consultation via the CBC website, social media, public meetings, and Your Chesterfield/ Our Homes where appropriate.</p> <p>Information is dispersed internally via: -</p> <ul style="list-style-type: none"> • Managers weekly bulletin • Elected members e-mails • Aspire intranet for staff and members. <p>The performance framework includes quarterly challenge at Finance and Performance Board and Overview and Performance Scrutiny. There is an annual update on progress against the Council Plan.</p> <p>There is a medium- term financial strategy in place and a savings plan both of which are regularly reviewed. Accountancy has regular budget meetings with service managers. Budgets are prepared in liaison with service managers taking in to account service plans and savings targets.</p> <p>There is a Finance and Performance Board that meets every 3 weeks.</p> <p>Budget guidance and protocols are issued to all service managers. There are well established budget preparation and review procedures. Budget challenge sessions take place.</p> <p>However, the Council’s financial position is being impacted by many factors</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 64</p>	<p>including: -</p> <ul style="list-style-type: none"> • risks and uncertainties over future funding, • the cost-of-living crisis, • a period of exceptionally high inflation impacting on the cost of large scale projects and service procurement of supplies and services, • Significant increase in utilities and fuel prices, • Substantial increase in salary costs following the in – year pay award and the rise in the living wage, • reductions across the Council’s income streams, particularly in areas such as, car parking, markets and town centre retail units, • Costs associated with climate change initiatives. <p>The Housing Revenue Account is also under pressure as rents increase by less than inflation.</p> <p>The Council also needs to continue to improve the way in which it manages its assets by the: -</p> <ul style="list-style-type: none"> • Introduction of a new IT system, • Development of a 10-year maintenance plan based on condition surveys and supported by the budget, • Inclusion of climate change assessments, • Disposal of assets that are no longer required. <p>Whilst the IT Improvement Programme has progressed well in the 2022/23 financial year, the ever changing IT environment means that there is still</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
	work to be completed to manage the inherent risks.
<p>Principle E Developing the entity’s capacity, including the capability of its leadership and the individuals within it</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</p>	<p>The Council has adopted a competency framework to ensure that it encourages the behaviours and values expected.</p> <p>The Council has a People Plan 2019 - 23 that all managers have been made aware of.</p> <p>Every post has a job description and person specification.</p> <p>There are Training programmes for managers and management modules on Aspire Learning.</p> <p>Annual performance development reviews identify training requirements as does the Induction programme.</p> <p>IIP accreditation – awarded gold standard in February 2022.</p> <p>.</p> <p>All members undergo induction training, and this is supplemented by specific training on e.g. planning, licensing, standards.</p> <p>Officers are encouraged to undergo relevant CPD to ensure their professional skills and knowledge maintained and updated.</p> <p>The Member development group includes learning and development programme.</p> <p>All staff have a learning and development plan.</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p>structure and diversity of communities.</p>	<p>There are appropriate human resources policies in place. Managing workplace Stress policy Capability Policy Managing attendance Policy Employee support programme – counselling and advice line Mental Health awareness training day for managers. Webinars for managers and staff to help mental health Training on various topics available on Aspire Learning. Referral to Occupational Health. Corporate Health & Safety Committee</p> <p>Ongoing budget challenges and service demands increasing due to the cost of living crisis mean that the Council will need to continue to manage workforce capacity and capability to be able to deliver the Council Plan.</p> <p>Good headway has been made this year with the appointment of a Strategic Health, Safety and Risk Manager that has increased capacity. Health & Safety issues are now at a more localised level. The new Strategic Health, Safety and Risk Manager has undertaken a review to ensure that there is a comprehensive corporate health and safety function in place. All managers have completed accident and investigation training. However ongoing work is required to develop a more corporate approach.</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p>Principle F Managing risks and performance through robust internal control and strong public financial management</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</p>	<p>There is a risk management strategy in place that has recently been reviewed and approved by the Standards and Audit Committee and Council. In future this Strategy will be reviewed in line with the Council Plan.</p> <p>There is a strategic risk register that is reviewed regularly by the Risk Management Group. The Risk Management Group meets on a quarterly basis. The Risk Management Group undertakes horizon scanning to identify risks and opportunities at an early stage.</p> <p>All services have an operational risk register and these are in the process of being reviewed and updated. All committee reports include a risk section.</p> <p>Internal audit review risk management arrangements on a regular basis. The audit plan also takes in to account high risk areas and areas that are included in the corporate and service risk registers.</p> <p>The Head of the Internal Audit Consortium oversees the production of the Annual Governance Statement. The Internal Audit Consortium is resourced and maintained at a satisfactory level. An external review of internal audit took place in May 2021 and concluded that the Internal Audit Consortium was compliant with the Public Sector Internal Audit Standards. The Head of the Internal Audit Consortium provides an annual audit opinion</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p>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>on the council's governance, risk and control processes.</p> <p>All areas have a service plan and performance measures form part of that.</p> <p>Progress against the objectives in the Council Plan and the associated Performance targets are monitored quarterly. Finance and Performance Board receives regular reports from each service to track delivery against financial targets.</p> <p>Scrutiny Roles and Responsibilities are defined in the Constitution. There are 3 scrutiny committees: -</p> <ul style="list-style-type: none"> • Enterprise and Wellbeing, • Community, Customer and Organisational • Overview and Performance <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>The Council is largely compliant with the CIPFA Financial Management Code There is a Medium Term Financial Plan in place and the Finance and Performance Board meet on a regular basis.</p> <p>Financial Standards and guidance are adhered to. The accounts are audited by Mazars.</p> <p>Financial Regulations and Standing orders are within the Constitution.</p> <p>Variances between budget and outturn are reported to Cabinet/Council on a</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 69</p>	<p>quarterly basis.</p> <p>Managers receive monthly budget monitoring reports. The progress in achieving savings action plan is reported to SLT monthly and members as part of the quarterly budget monitoring reports to Cabinet.</p> <p>There is a current Anti-fraud Bribery and Corruption policy in place.</p> <p>The Standards and Audit Committee terms of reference are defined in the Constitution.</p> <p>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 Parish Council..</p> <p>Standards and Audit Committee members received relevant training after appointment in May 19 and new appointees receive relevant training. Further training will be delivered after the May 23 elections.</p> <p>The Standards and Audit Committee undertake self -assessments against the CIPFA audit committees Practical Guidance for Local Authorities and Police 2018 edition on an annual basis (the next review will be against the 2022 edition). Based on these assessments, the Committee complies with best practice.</p> <p>There is a data disposal and retention schedule covering all areas of the Council.</p>

CIPFA/SOLACE core principles of good Governance	In place at CBC
	<p>There is a data asset register and a designated Data Protection Officer.</p> <p>There are IT and Data Protection Policies in place.</p> <p>The Council has an information assurance risk register in place which details the mitigating actions and steps being taken to address issues identified.</p> <p>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.</p>
<p>Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability</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>There is an approved Communications and Engagement strategy. 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>Achievements against priorities are communicated to the public through the media, council website, Statement of Accounts and various social media channels.</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>

CIPFA/SOLACE core principles of good Governance	In place at CBC
<p>Page 71</p>	<p>The annual financial statements for 2021/22 are due to be signed off by Mazars and confirm compliance with best practice. (Delay in sign off is not due to finance but to asset valuations).</p> <p>The Corporate Leadership Team are all involved in monitoring progress against the Council Plan which is reported to members.</p> <p>The Annual Governance Statement is produced via a robust process that involves all of the Corporate Leadership Team. Each year an action plan is produced and monitored to address identified weaknesses.</p> <p>The Head of the Internal Audit Consortium is CIPFA qualified and complies with the statement on the role of the Head of Internal Audit.</p> <p>An external review in May 2021 confirmed that internal audit is compliant with the Public Sector Internal Audit Standards. An annual internal self-assessment of internal audit also confirms compliance with the Standards.</p> <p>The implementation of internal audit recommendations is monitored by CLT and the Standards and Audit Committee. The Council achieved Gold Investors in people silver status in 2022.</p> <p>CBC is fully engaged with the Derbyshire Safeguarding boards including the district subgroup which challenge and share best practice amongst district authorities. There is mandatory safeguarding training for all officers.</p>

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CHESTERFIELD BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2022/23

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 31st March 2023 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.

Governance Arrangements

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.

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.

Changes to Future Governance Arrangements

The Local Government Boundary Commission completed a review of Chesterfield Borough Council's electoral arrangements during 2022. The following key changes will come into force from the 4 May 2023 election:

- A reduction in Council size from 48 to 40 members
- The average number of electors per councillor will rise from an average of 1,633 to 1,960 based on the reduction in councillor numbers and then rise year on year to 2,108 by 2027 due to housing and population growth

- Move from 19 wards to 16 wards with extensive ward boundary changes

The reduction in Council size by almost 20% means that following the election in 2023 there will need to be changes around governance arrangements and subsequently a re-alignment of the constitution.

Codes of Conduct / Standards

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. The Corporate Complaints Procedure was revised in November 2022 to improve the process for the public.

Statutory Responsibilities

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 Leadership team meetings and is suitably qualified. The Monitoring Officer is responsible for all matters relating to the conduct of councillors and officers and to be responsible for the operation of the Council's Constitution.

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 Leadership 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.

Financial Management

The Council has assessed its arrangements against the CIPFA Financial Management Code and is broadly compliant with these. Further work is being undertaken to embed the principles within the Code. CIPFA's Financial Management Code (FM Code) was published in October 2019 and provides guidance for good and sustainable financial management in local authorities. The FM Code offers assurance that authorities are managing resources effectively, regardless of their current level of financial risk. The Code provides 6 principles against which to judge financial management (leadership, accountability, transparency, standards, assurance and sustainability). The principle of proportionality is embedded within the code and reflects a non-prescriptive approach.

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

Internal Audit

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 2019. The Head of the Internal Audit Consortium is a senior manager, professionally qualified and leads an appropriately resourced and experienced audit team. The latest external review of internal audit confirmed that the Consortium is compliant with the PSIAS.

Risk Management

Chesterfield Borough Council has a risk management strategy (recently refreshed), a risk management group and risk is considered as part of all Cabinet reports. The Strategic risk register is regularly reviewed and service risk registers are in the process of being reviewed and updated. The risk management process includes horizon scanning to identify new threats and opportunities at an early stage.

Organisational Development

In April 2021 Council approved an Organisational Development (OD) strategy and a subsequent programme of change activity was approved in October 2022, focused around four strategic themes: ICT Improvement, Customer Services, People and Resources and New ways of working. Projects are being delivered by teams made up of Programme and Project Managers, business analysts, project support officers and employees from different services across the council. A Project Management Office is being established to provide oversight of the projects which are being undertaken across the Council.

Key achievements so far include:

- ICT programme delivery
- Customer experience improvements
- Implementation of a number of service reviews and reshapes
- New ways of working
- Developing digital innovation in CCTV – safer streets initiative
- Introduction of new digital systems and concierge service at sports centres

Training and staff Development

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. There is 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.

CBC have celebrated national apprenticeship day. In the last 12 months CBC employees have studied and completed apprenticeships in a variety of subjects to help them with their future career development. The courses completed range from entry level to masters degree level.

Partnerships

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.

The Council is a member of D2N2 Local Enterprise Partnership (LEP) and a non constituent member of the Sheffield City Region mayoral combined authority.

Building Control are now 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 company is consolidating its position in the market and continues to outperform the budget forecast.

CBC along with Chesterfield Health and Wellbeing partnership and a range of partner organisations have joined forces to get dozens of warm spaces up and running as the cost of living continues to rise.

Economic Development

There is a large amount of economic development in the Borough aimed at increasing economic prosperity, creating jobs and revitalising the heart of Chesterfield. Regeneration projects currently underway include Chesterfield Waterside, Peak Resort, Northern Gateway, Staveley Corridor, Stephenson Memorial Hall refurbishment.

The Northern Gateway Enterprise Centre was officially opened in July 2022 and has a full complement of staff and services. A proactive marketing campaign to promote the centre is ongoing to let the remaining units.

No.1 Waterside Place opened in January 23. This is a new office building that provides office accommodation of the highest specification. This represents a major step forward for the £340 million Chesterfield Waterside regeneration scheme. The new building features six floors of 'Grade A' office space and has already drawn in new investment to the town.

Progress has been made in respect of the 11 Staveley Town Deal Projects put forward to be met from the £25.2 million secured from the Department for Levelling up Housing and Communities. Business cases have been produced and assessed for due diligence and most of the projects are now moving from planning to delivery phase. A robust monitoring system has been established to support the Town Deal Board and ensure projects can meet the conditions required for proceeding to contract.

In terms of the Stephenson Memorial Hall Refurbishment a series of enabling works to the buildings are in progress with the main works being due to commence on site in Summer 2023. The Pomegranate Theatre and Museum are temporarily closed to enable the multi-million pound renovation project that will create an enhanced customer experience.

The first stages of the £10.28 million Revitalising the Heart of Chesterfield scheme have begun with work starting on Packers Row. The scheme aims to transform the look, feel and flow of the town centre – creating a contemporary market town that has better connections between key public spaces, and a more attractive physical environment.

Climate Change

Progress in the delivery of the existing Climate Change Action Plan has been monitored and reported via the Council Plan performance monitoring arrangements, and through regular Overview and Performance Scrutiny sessions. The existing Climate Change Action Plan has largely been delivered.

Actions delivered in 2022/23 include: -

- Improvements to the Council's housing stock,
- supporting improvements to private sector rental properties,
- delivery of the Council's training programme at all levels of the Council,
- procurement and completion of significant research reports into the scoping and potential pathways for Council and borough-wide decarbonisation,
- embedding our innovative Climate Change Impact Assessment (CCIA) tool within our decision-making process. The CCIA tool in particular has attracted much interest from other local authorities many of which have sought advice on replicating the approach in their local area.

A new Climate Change Strategy 2023 - 2030 has been developed along with a Climate Change Delivery Plan, which details the year one activities (2023- 2024).

ICT

The Council's digital platform continues to be developed and the ICT Improvement programme continues to deliver targeted efficiencies.

- Complaints processes and private sector housing processes have been reviewed and incorporated into the digital platform programme.
- Our ICT infrastructure, cyber security and digital skills have been strengthened.
- Take up and usage of 'My Chesterfield', our customer portal, is rising each month.
- Bulky waste collections can now be booked and paid for online.
- The portal can also be used to provide information on council house rent bills and balances.
- Work is underway to replace the system that is used to collect commercial property rent and is expected to go live in late 2023.
- Work is also underway to ensure that 90% of our applications are cloud hosted, providing greater resilience. This project remains on track.
- A new access system has been introduced within our leisure centres which provides online access to book and cancel leisure services and onsite kiosk facilities for booking, payments and check-ins have been installed.
- Our theatre booking system has been replaced, making it easier for customers to book online and access their tickets directly from their phone.

Communication

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.

We continue to improve our website accessibility and use a wide range of social media channels to increase communication channels.

This year the Council successfully administered a number of government schemes such as the £150 one off energy payments for most households in council tax bands A – D.

Housing

A lot of work has been undertaken to improve our council houses: -

- The £5.9 million work at Pullman Close, Mallard and Leander Courts in Staveley have been completed with tenants starting to move in. These are the latest and final independent living flats to undergo a complete modernisation. Each home has benefitted from a newly renovated kitchen and lounge area, whilst bathrooms have been converted into a wet room with a level access shower.
- The £1 million refurbishments at Brierley and Dixon Courts have been completed.
- Willowgarth Road improvements have taken place in respect of re-roofing, drainage works and new doors and windows.
- Work at Newlandale has also progressed well with new windows and doors being installed, communal areas in flats being painted, electrical work and rendering has now started.
- Local families are settling into their new homes following the completion of the biggest council housing development in the borough for a generation. A £4.1m development has seen 21 brand new properties constructed on the former places for people to live Brockwell Court site in Loundsley Green.

An Anti-Social Behaviour Strategy 2022 – 25 has been adopted.

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 Leadership Team within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit'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 the governance, risk and control arrangements in place in accordance with the agreed internal audit plan.
- Monitoring Officer reviews and monitoring of the operation of the Council's Constitution.
- The work of the Risk Management Group.
- The Chief Financial Officer providing the Council and the leadership 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
- The work of the Council's Standards and Audit Committee.

- The annual review of the Local Code of Corporate Governance.
- Reports received and considered by Cabinet in relation to the outcome of reviews by the external auditor and other review agencies.

Internal Audit Opinion 2022/23

The Head of the Internal Audit Consortium 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 2022/23. Sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place. This year 6 substantial, 8 reasonable and 3 limited assurance reports have been issued. Managers are in the process of implementing the audit recommendations made”.

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.

A Review of 2021/22 Governance Issues

As part of formulating the 2022/23 Annual Governance Statement a review of progress against the issues raised in 2021/22 has taken place. Positive progress has been made, but work is still ongoing in a number of areas so these issues have been raised again in the 2022/23 Statement. These actions will be delivered through the 2023/24 municipal year.

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 Leadership Team have identified that there are some areas where action can be taken to improve the governance arrangements in place. The areas identified below either present significant future challenges and/or require further targeted improvements.

No.	Issue Identified	Action to address
1.	<p>Financial Sustainability</p> <p>The Council’s financial position is being impacted by many factors including: -</p> <ul style="list-style-type: none"> • risks and uncertainties over future funding, • the cost-of-living crisis, • a period of exceptionally high inflation impacting on the cost of large scale projects and 	<p>The Council is committed to making the changes needed in response to these challenges and to maintain the stability of services needed in extremely difficult circumstances by the careful management of the Council’s finances and the strengthening of financial resilience.</p>

	<p>service procurement of supplies and services,</p> <ul style="list-style-type: none"> • Significant increase in utilities and fuel prices, • Substantial increase in salary costs following the in – year pay award and the rise in the living wage, • reductions across the Council’s income streams, particularly in areas such as, car parking, markets and town centre retail units, • Costs associated with climate change initiatives. <p>The Housing Revenue Account is also under pressure as rents increase by less than inflation.</p>	<p>Further work will be undertaken to ensure a balanced and financially sustainable Medium Term Financial Plan.</p> <p>There will also be: -</p> <ul style="list-style-type: none"> • Ongoing in year budget review and potential savings, • Horizon scanning activities to inform quarterly review of the MTFP – Identifying emerging pressures and opportunities, • Assessment of implications of external pressures as further details become available – feeding into MTFP and updating assumptions, • Responding to key Government consultation activity and lobbying where necessary for fair and improved funding settlements including new burdens, • Delivery of the 2022/23 savings plan and income targets, • Renegotiating utility contracts in 2022/23 into 2023/24. <p>Ensure there is a viable 40 year business plan for the Housing Revenue Account</p>
2	<p>Asset Management</p> <p>The Council needs to continue to improve the way in which it manages its assets: -</p> <ul style="list-style-type: none"> • Introduction of a new IT system, • Development of a 10-year maintenance plan based on condition surveys and supported by the budget, • Inclusion of climate change assessments, • Disposal of assets that are no longer required. 	<p>Additional resource has been brought in at a high level to address the issues identified.</p> <p>Work has been done to draft a new Asset Management Strategy that is awaiting feedback and support information to progress. A redraft will be provided to the Senior Leadership team by the middle of May 2023 with a view to the Strategy then being approved by Council in July 2023. The draft strategy includes clear prioritisation of climate change modifications to the council buildings portfolio.</p> <p>Progress has been made in the disposal of assets that are no longer required. The income from disposals will be used for surveys and the repairs and climate work identified.</p> <p>A new IT system is to be introduced. A</p>

		<p>briefing note on the recommendation to proceed is about to be submitted to the Senior Leadership team for consideration.</p> <p>Condition surveys are due to be commenced for 2 major properties (including carbon reduction assessment) by the end of March 2023. A budget will then be needed to carry out the rest of the surveys, planned to be phased over three tranches over the next 18 months. The outcome of the reports will dictate the repairs plan, the disposal of some assets and also the climate reduction plan.</p> <p>Climate readiness is a key component of the asset condition surveys being undertaken in support of the development of a ten-year maintenance plan.</p>
3	<p>Workforce Capacity and Capability</p> <p>Ongoing budget challenges and service demands increasing due to the cost of living crisis mean that the Council will need to continue to manage workforce capacity and capability to be able to deliver the Council Plan.</p> <p>Throughout 2022/23 there have been recruitment difficulties and the loss of some key people within the organisation.</p> <p>The cost of living crisis has contributed towards workloads exceeding staff capacity.</p>	<p>The people plan 2019 – 23 has largely been implemented and the next people plan is under development. The plan aims to develop great leaders, manage change well, develop capacity and skills, support employee wellbeing and promote recognition and reward.</p> <p>The new People Plan will incorporate the learning from the Investors in People assessment in 2022.</p> <p>Hybrid working group and sub-group work will continue through 2023/24.</p> <p>A Training needs analysis for all directorates and services will be undertaken.</p> <p>Staffing structures will continue to be reviewed during 2023/24.</p> <p>A housing property reshape will take place to enable the delivery of the HRA capital programme.</p> <p>Vacancy control processes will continue to be followed ensuring that service demands can be met whilst managing budget.</p>

4	<p>Procurement</p> <p>Work is still underway to improve procurement processes.</p> <p>A recent internal audit identified the following key issues: -</p> <ul style="list-style-type: none"> • The Head of Procurement post in the new structure was not filled during 2022/23, • The Procurement Service cannot prevent non-compliant spending due to Unit 4 (the accounting system) requiring development, • Services are not always involving the Procurement Unit with major spends, • Insufficient training of budget officers in respect of procurement legislation (internal and external). 	<p>The Council's procurement processes will be improved by the following: -</p> <ul style="list-style-type: none"> • A Head of Procurement has been appointed and is due to start in April 2023, • Regular procurement meetings will be implemented across all key service areas. High risk service areas such as ICT, Housing and Regeneration already have regular meetings in place, • The Corporate Leadership Team to receive quarterly updates on procurement activity, risks and issues, • Training will be completed by central government during 2023 and will support officers to remain compliant with legislation, • Unit 4 is currently being upgraded. Additional functionality will be costed and a business case will be developed and approval to implement will be sought, • New reporting has been developed which targets non contract spend and identifies opportunities to reduce and limit tail spend corporately and by directorate.
5	<p>Health and Safety</p> <p>Good headway has been made this year with the appointment of a Strategic Health, Safety and Risk Manager that has increased capacity. Health & Safety issues are now at a more localised level.</p> <p>The new Strategic Health, Safety and Risk Manager has undertaken a review to ensure that there is a comprehensive corporate health and safety function in place.</p> <p>All managers have completed accident and investigation training.</p>	<p>Further improvements are planned for 2023/24 including further health and safety policy review work, auditing and inspection, increased in person training etc.</p>
6	<p>Cyber Risk and Network Security</p>	<p>Mandatory training will be enforced.</p>

	<p>Whilst the IT Improvement Programme has progressed well the ever changing IT environment means that there is still work to be completed to manage the inherent risks.</p>	<p>The draft Disaster Recovery Policy will be finalised.</p> <p>Work will continue towards obtaining ISO 27001.</p> <p>IT Policies will be reviewed, updated and publicised.</p> <p>There will be full engagement in annual health checks and improvement plans.</p> <p>Cyber security desktop exercises will be undertaken and the arrangements to monitor the increased risk of cyber attacks will be kept under review.</p> <p>Horizon scanning activities will take place.</p> <p>Engaging with Information commissioner best practice and learning and development opportunities.</p>
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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 2023/24 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:

H Bowen
Chief Executive

Councillor P Gilby
Leader of Chesterfield Borough Council

Date:

On behalf of Chesterfield Borough

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